

Thursday December 19
can advance
r gains, says Philip G

Austria	100.00	100.00	100.00	100.00
Belgium	100.00	100.00	100.00	100.00
Denmark	100.00	100.00	100.00	100.00
France	100.00	100.00	100.00	100.00
Germany	100.00	100.00	100.00	100.00
Greece	100.00	100.00	100.00	100.00
Ireland	100.00	100.00	100.00	100.00
Italy	100.00	100.00	100.00	100.00
Japan	100.00	100.00	100.00	100.00
Netherlands	100.00	100.00	100.00	100.00
Portugal	100.00	100.00	100.00	100.00
Spain	100.00	100.00	100.00	100.00
Sweden	100.00	100.00	100.00	100.00
Switzerland	100.00	100.00	100.00	100.00
UK	100.00	100.00	100.00	100.00
US	100.00	100.00	100.00	100.00

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EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

Friday December 20 1991

GM CRISIS

Tough surgery for
Detroit invalid

Page 14

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World News Business Summary

Bonn clears way for recognition of Croatia

The German government agreed in principle to recognise any former Yugoslav republic which requests recognition before next Monday and complies with European Community conditions on respect for human rights and minorities. The move opens the way for automatic recognition of both Croatia and Slovenia on January 15, the deadline agreed for a common move by the EC member states. Serb enclaves proclaim independence. Page 2

Exor could be forced into bid for Perrier

The Italian Agnelli family's attempt to take over Exor, the holding company for Source Perrier, French mineral water group, took a new turn yesterday when Paris bourse authorities held up a go-ahead on its offer in case Exor is obliged to bid for Perrier.

During the day the French stock market authorities issued a series of statements on the Perrier affair. Page 17

WORLD economy faces months of sluggish growth and rising unemployment as it stages a weak recovery from this year's slowdown and recession, according to the Organisation for Economic Co-operation and Development. Page 16; Details, Page 3; Editorial comment, Page 14

Drugs patents extended
Regulations to extend the effective patent life of new pharmaceuticals in Europe by five years were agreed by the European Community. The controversial decision offers drug companies billions of dollars of additional revenue. Page 16

Europe's green scheme
Flans have been agreed for a European Commission system of voluntary audits by companies of the environmental impact of their operations, which would be made available to the public. Page 4

HDTV deal agreed
European Community telecommunications ministers backed a deal on high-definition, cinema-quality television (HDTV) after France agreed to compromise on future satellite broadcasting standards. Page 16

Poor test showing
More than a quarter of seven-year-old children in England have difficulty with reading and basic mathematics, according to test results disclosed by education secretary Kenneth Clarke. Girls performed markedly better than boys. Page 8

BCCI inquiry sought
The Bank of England was urged by the Treasury select committee of UK MPs to reopen its inquiry into the conduct of money laundering firms which placed local authorities' deposits with the Bank of Credit and Commerce International. Meanwhile the liquidators of BCCI have agreed to plead guilty to fraud, racketeering and drug money laundering, to pay a \$10m fine and to turn over all of BCCI's US assets - totalling \$650m - to the US government. Pages 6 and 9

Mideast talks pledge
Middle East peace talks will open their third stage as scheduled in Moscow at the end of January, US secretary of state James Baker said. Page 4

Kidnappers seek \$5m
Kidnappers in Austria threatened to kill Günther Rager, brother-in-law of German industrialist Karl Friedrich Flick, unless a \$5m ransom was paid.

Pakistani disruption
A campaign against Pakistani President Ghulam Ishaq Khan intensified when his annual address to parliament was disrupted by opposition MPs. Police used tear-gas to quell disturbances by opposition supporters. Page 4

IRI, Italian state holding company, has regrouped its civil engineering, construction and industrial plant enterprises under the umbrella of Iritracna. The move will create a group with a turnover of £2,000bn (\$3.7bn). Page 17

ROLLS-ROYCE, UK aero-engine maker, won a \$500m order to power a fleet of Boeing 777s for Saudia, airline of the United Arab Emirates. Page 7

AMERICAN Express, US financial services company, is to acquire the fifth biggest US travel agency, Lifeco Travel Services, in a deal believed to be worth \$100m. Page 20

CHRISTIE'S, The main board directors of the international auction house are taking a 20 per cent salary cut to help it through the global recession in the fine art market. Page 17; Burton directors take pay cuts; Page 18

BRIDGESTONE, Japanese tyre company, said its US and European operations will post annual after-tax losses of \$600m. Page 20

CANAL PLUS, French pay-TV channel which recently abandoned plans for a merger with the Havas media group, forecast higher-than-expected profits of FF1.06bn (\$190m) for 1991, compared with FF910m. Page 18

EC ministers cut more barriers to the internal market when they agreed or adopted a series of measures on everything from homoeopathic medicines to electromagnetic compatibility. Page 2

JAPANESE car makers are bracing themselves for increased political tension over their trade with the US following the announcement that General Motors, largest American manufacturer, is cutting more than 70,000 jobs. Page 7; Further surgery for Detroit invalid; Page 14; Argentina to open car market; Page 7; Renault seeks to cut jobs; Page 2

USAIR, sixth largest US carrier, agreed in principle to manage the Trump Shuttle, the east coast airline operation which Donald Trump acquired two years ago. Page 18

COMINCO, Canadian mining group, may withdraw from lead refining and close one of its mines if it fails to resolve soon the protracted troubles of its new smelter at Trail, British Columbia. Page 25

European growth prospects dampened by Bonn's ½ point rise German interest rate raised

By Andrew Fisher in Frankfurt

THE GERMAN Bundesbank yesterday threw down the gauntlet to its European partners with an unexpectedly high interest rate rise that will further dampen economic growth prospects across the continent.

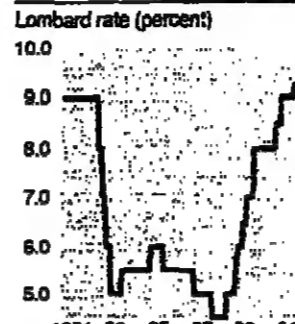
The German central bank, the dominant force behind European monetary policy, raised the psychologically important discount rate to 8 per cent from 7½ per cent, the highest level in Germany since the Great Depression of 1931.

In a clear message to German trade unions and employers that it will not tolerate present inflation around 4 per cent, the Bundesbank also increased the Lombard rate for lending to banks by half a point to 9.75 per cent. This equals its post-war high.

The Bundesbank action, which is likely to complicate chances of implementing last week's Maastricht accord on European Monetary Union,

Bundesbank looks after number one
German business confidence in decline
Editorial comment
Lex
OECD forecasts months of sluggish growth
UK unemployment rises
Foreign exchanges

German interest rate



Four countries whose economies are linked closely to Germany's - the Netherlands, Denmark, Belgium, and Austria - all raised their discount rates by half a point.

Mr Helmut Schlesinger, Bundesbank president, said:

"With these measures, the Bundesbank reaffirms its determination to keep to its tight monetary policy."

On the foreign exchange markets, the action led to an immediate strengthening of the D-Mark. The dollar closed in Frankfurt at DM1.561, a 1 per cent fall on the previous day; in early reaction, the US currency had slipped below DM1.55.

The Bundesbank's move also led to speculation that it was trying to engineer a realignment within the European Monetary System (EMS) that would lead to the D-Mark being revalued. This would help the bank's inflationary battle, but France has previously opposed any such changes.

Mr Hans Tietmeyer, the deputy president of the Bundesbank, said, however, that he did not think the rate rises could lead to parity changes in the EMS. It was necessary, he said, to rein back monetary expansion so the money supply target set for 1992 could be met. This foresees growth in M3, the broad monetary aggregate, of between 3.5 per cent and 5.5 per cent.

German companies have recently borrowed heavily to finance investments and acquisitions, especially in east Germany, with November's rise in corporate borrowing totalling DM35bn against DM22bn a year ago.

Recent double figure wage claims have added to the Bundesbank's concern over future inflation. Consumer prices have risen at an annual rate of more than 4 per cent. "Four per cent, we have always said, is not tolerable for the Bundesbank over the medium term", Mr Schlesinger said.

Mr Jürgen Möllemann, the economics minister, said the Bundesbank's decision was a continuation of Page 16

Keating ousts Hawke to become Australian PM

By Emilia Tague in Canberra

MR Paul Keating yesterday became prime minister of Australia, displacing Mr Bob Hawke after a long and bitter leadership battle.

The 47-year-old former treasurer narrowly won a vote within the ruling Labor parliamentary party. He now faces the difficult task of restoring party unity after the leadership struggle and returning it to popularity in the face of a deep recession and record unemployment.

Mr Hawke, 62, had been prime minister for eight years, a record for Australia. He had led the Labor party to four consecutive election victories. Yesterday he pledged his support for Mr Keating's government.

The outgoing premier had called yesterday's vote in a last-ditch attempt to hang on to power, but lost the highly charged ballot by 56 votes to 51.

During the six-month tussle for the leadership, Mr Hawke was widely viewed as being preoccupied with efforts to preserve his position rather than with running the government.

Mr Keating, who is acutely aware that his party's poor per-

formance in opinion polls is due both to the government's disarray and its inaction in the face of serious economic problems, yesterday pledged to fight unemployment with all his energy.

"I promise not to turn a blind eye to the suffering that some are enduring and never to agree that it is acceptable for some Australians to be sacrificed in the so-called national interest," he said.

The adjournment yesterday of parliament for two months gives Mr Keating time to prepare a programme to restore his party's fortunes. A general election must be held by May 1993.

Mr Hawke had fended off Mr Keating's first challenge in June, when sentiment, personal loyalties and factional politics were enough to keep Mr Hawke in office with 66 of the 110 members supporting him.

Last week, he had rejected calls from his ministers and close supporters to resign voluntarily and hand over the leadership.



Bob Hawke: Failed in last-ditch attempt to hang on to power

Maxwell collapse 'worst thing' ever for UK banks

By Robert Peston in London

THE collapse of the Maxwell empire is "possibly the worst thing that ever happened" to Britain's banks, according to Mr Brian Pearce, chief executive of Midland Bank.

"It lays us open to the criticism that we lost money backing unsuitable entrepreneurs rather than more deserving businesses," he said in an interview with the Financial Times yesterday.

Figures obtained yesterday from the four big UK clearing banks, of which Midland is the smallest, show they have loans to the Maxwell empire totalling \$650m (\$1.2bn), on which they face losses of more than £200m.

The losses faced by the UK banks to the Maxwell public and private companies is less than some banks in other countries. Credit Lyonnais of France is believed to be particularly vulnerable.

Midland is owed £120m by the private companies and the two public companies, Maxwell Communication Corporation

and Mirror Group Newspapers. Of this, £20m is tied up in a lease on new printing equipment and the remaining £100m is divided "roughly equally" between MCC and MGN and the private companies, according to Mr Pearce's deputy, Mr Brian Goldthorpe.

"Over the past two years, we reduced our loans to Maxwell interests from a peak of £300m," added Mr Goldthorpe, who manages Midland's loan book. "We took a conscious decision not to have too many eggs in one basket."

Evidence has been accumulating that, in the months before he died on November 5, Mr Robert Maxwell made big payments to banks wishing to reduce their exposure to him.

TSB Group confirmed yesterday it had cut its loans to the Maxwell private companies by more than £50m. Bank of Nova Scotia, the Canadian bank, is understood to have reduced its loans to the private companies by slightly less.

Nonetheless, analysts believe

Midland faces losses of at least £50m on its Maxwell exposure. National Westminster has total loans of less than £200m to all Maxwell companies, including a bilateral loan of £155m to the private companies, which is backed by 131.4m MGN shares. Its losses are likely to be similar to Midland's.

Lloyds' losses could be greater. It also has £150m exposure, but lacks security for an estimated £55m of loans to the private companies. It also has a direct loan of £32m to MCC, which is seeking protection from its creditors under US and UK insolvency legislation.

Maxwell losses may be smallest at Barclays, which also - by coincidence - has £150m of loans to the public and private companies. It lent £35m to MCC and has about £50m of loans to the private companies. The rest is an exposure to MGN, much of it leased secured on printing presses.

Kevin Maxwell battles to stay silent, Page 22

Weekend FT

Tomorrow: Chris Patten gives a personal view of the Seven Deadly Sins
What 1992 holds for investors in the world's markets



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STERLING	DOLLAR	STOCK INDICES
New York lunchtime: \$1.8347	New York lunchtime: DM1.5575	FT-SE 100: 2,391.5 (-22.0)
London: \$1.8335 (-1.825)	FF6.3235	FT-A All-Share: 1,146.78 (-0.9%)
DM1.8275 (-2.87)	SFR1.381	FT-SE Eurotrack 100: 1,043.04 (-12.51)
FF6.7775 (-8.125)	Y128.15	New York lunchtime: DJ Ind. Av. 2,901.16 (-4.83)
SFR2.535 (-2.545)	London: DM1.559 (-1.573)	S&P Comp 382.12 (-1.36)
Y236.25 (-234.5)	FF6.3325 (-5.3775)	US LUNCHTIME RATES
£ index 91.5 (-91.6)	SFR1.380 (-1.384)	Fed Funds: 4 1/2%
NEW YORK COMEX FEB 352.1 (360.8)	Y128.1 (-128.45)	3-mo Treasury Bills: 4.150%
London: \$37.95 (same)	Tokyo close: Y128.7	Long Bond: 104 3/4
N SEA OIL (Argus) Brent 15-day \$18.1 (18.15)	US LUNCHTIME RATES	yield: 7.755%
Chief price changes yesterday: Page 17		

朝日新聞

Our readers shape and move Japan.

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EUROPEAN NEWS

Nato plans joint aid to former Soviet Union

By Robert Mautner in Brussels

THE SIXTEEN members of the North Atlantic Treaty Organisation yesterday agreed to co-ordinate their humanitarian aid to the former Soviet Union and to offer their assistance to ensure the control and dismantlement of its nuclear weapons.

The unprecedented offer by Nato to extend its activities from the military to the humanitarian field was made following a warning by Mr James Baker, the US Secretary of State, about the danger of social unrest in the Soviet republics.

Reporting on the visit he has just paid to Russia, Belarus, the Ukraine and Kazakhstan, which have all declared their independence, Mr Baker said that their leaders had all expressed deep concern about the possibility of a social explosion over food and other shortages.

Only massive aid from the west could stave off such a social explosion, Mr Baker said. The Russian president, and the other three leaders, had told him.

Supported by the majority of Nato countries, Mr Baker said that the US would go ahead with its proposal to hold an aid co-ordination conference in

Washington at the beginning of January. This was not intended to be a pledging conference, nor would it replace the aid offered by individual western nations.

However, Mr Hans-Dietrich Genscher, the German foreign minister, told the Nato council that he would like the conference to discuss volumes of aid as well as ways of distributing it.

In particular, the US and its partners are looking for substantial contributions from other countries in the world such as Japan and the Gulf states.

The Nato members agreed that the problems faced by the new Soviet republics, which are planning to form a commonwealth at their meeting in Alma Ata, Kazakhstan, this weekend, posed a serious problem for the democratic reform process and stability in Europe in general.

The western alliance would now draw up plans to make available its logistic and infrastructure facilities for the urgent transportation and distribution of humanitarian assistance to the former Soviet republics.

Nato also called on the leaders of the Soviet Union and the

republics to ensure "the safe, responsible and reliable control of nuclear weapons, and actively to prevent the proliferation of those weapons and other means of mass destruction."

Mr Baker said he had received "very satisfactory assurances" from all the four republics he had visited that they were prepared to place their nuclear weapons under one single authority.

All the leaders of the republics had said they would adhere to the Nuclear Non-Proliferation Treaty. The Ukraine, Belorussia and Kazakhstan had said they would join the NPT as "non-nuclear states", contrary to some reports that Kazakhstan wanted to retain nuclear weapons in its territory under its own national control.

Russia intended to remain a signatory of the NPT, while retaining its nuclear weapons, in the same way as the Soviet Union had done.

While welcoming the intention expressed by three of the republics of becoming non-nuclear powers, Mr Baker said he was "not unambiguously" in favour of Russia giving up its nuclear weapons entirely.

"I would like to see zero



Heads together at Nato. Mr Baker (left) makes a point to Mr Genscher and Mr Kohl at yesterday's meeting

weapons targeted on the US. I am not prepared to subscribe to the philosophy of denunciation," the US secretary of state said, clearly indicating that Washington did not intend to give up its own nuclear weapons.

Explaining his decision, Mr Baker said that nuclear weapons had kept the peace for the whole of the post-second world war period.

However, Mr Baker made clear that the changes taking place in the former Soviet Union might open up possibilities for further reductions and elimination of nuclear weapons. "That would obviously be

a two-way street."

A majority of the Nato countries also indicated that they were prepared to recognise the independence of the four republics as soon as a decision to create their proposed commonwealth had been taken and they had committed themselves to respect a number of

other "conditions" for recognition.

These included, as far as the US was concerned, effective measures to ensure nuclear safety, the creation of a democratic system of government, respect for human rights, and the introduction of a free market economic system.

Italy agrees unblocking of credit to Russia

By Robert Graham in Rome

ITALY YESTERDAY agreed to unblock \$1.78bn worth of credits in a goodwill gesture as Mr Boris Yeltsin, the Russian president, began a 30-hour visit to Rome.

The funds are part of a five-year credit deal agreed in August totalling nearly \$5.000bn (\$4.19bn). Disbursement of the first tranche has been blocked by the uncertainties caused by the rapid break-up of the Soviet Union.

Mr Yeltsin was yesterday accorded virtually all the honours due a visiting head of state. Arrangements for the visit were made at the last minute and complicated by Mr Yeltsin's refusal to deal through the Soviet embassy.

Italy decided to waive its objections and accept Mr Yeltsin's word that Russia would assume responsibility for the foreign debt following the bankruptcy of Vnesheconombank, the Soviet foreign trade bank.

The credits cover a list of goods requested by the Soviet authorities in August. Backed by Sae, the Italian state export guarantee institute, they will permit the purchase of essential foodstuffs, clothing and footwear. Purchases of meat, pasta, rice, butter, powdered milk and soyabean oil will amount to \$608m; while footwear and clothing will be supplied to the value of \$370m. The \$30m for footwear will be welcomed by the Italian shoe industry which has been lobbying hard for the deal.

Italy's exposure to the fast-disappearing Soviet Union amounts to \$5.100bn, covered by Sae, with at least another \$1.000bn uncovered. Mr Yeltsin's Italian hosts are anxious to communicate their desire to do business with Russia. But they also want to clarify his position on a number of outstanding deals both in Russia and in neighbouring republics.

One of the most delicate issues concerns talks with Finmeccanica, the state engineering group, to build and help run power stations in Belorussia, Russia and the Ukraine, receiving payments through energy supplies. The hope is that this can be negotiated through Russia. Mr Yeltsin will also be pressed on means of recovering some \$80m owed to Iri, the state holding company, for a steel plant at Volysky in Russia.

Despite all the rhetoric on Emu, the German decision shows little concern for Europe as a whole

Bundesbank decides to look after Number One

By David Marsh, Europe Editor

a way which diametrically contradicts the wishes of most of its European partners. This will have two results.

First, the further dampening of European growth prospects is likely substantially to complicate European countries' task of achieving convergence of economic performance in the next few years. At a time when most European countries are still wrestling with eco-

nomic slowdown, the depressive impact of higher interest rates will further jeopardise the aim of bringing down high budget deficits across the Community. This was one of the key conditions set for making Emu a reality.

Second, the realisation that the Bundesbank is still overwhelmingly focusing its policy responses on domestic considerations is likely to increase scepticism about Germany's true commitment to Emu.

In contrast with his usual misgivings about Emu, Mr Helmut Schlesinger, the Bundes-

bank president, gave an almost suspiciously conciliatory speech in Paris last week in reaction to the Maastricht accord. Mr Reimut Jochimsen, the outspoken president of the regional central bank of North Rhine-Westphalia, who is one of the 16-member Bundesbank council, issued probably a more accurate summation of the Bundesbank's feelings when he criticised Mr Kohl's compliance as "maybe suicidal" on Tuesday in London.

The Bundesbank council took its first opportunity to discuss the deal yesterday.

Although it will probably not issue a formal statement until next month, yesterday's response of a larger-than-expected increase in interest rates represents the most eloquent possible Bundesbank reaction to the summit accord.

The Bundesbank is, in effect, saying that unless Emu is founded on rock-hard anti-inflationary principles, it cannot be worth forging. The German central bank has never been happy about the prospect of relinquishing control over the D-Mark to a supranational European central bank. The

Bundesbank would rather place at risk the entire undertaking than see it advance in a way which contravenes its line of "stability first."

The Frankfurt credit tightening has particular effects on two countries which have been desperately seeking a chance to reduce interest rates. France tried a go-it-alone cut in the autumn, but was forced to reverse this last month with a 1/2 point increase in official money market interest rates. Yesterday's Bundesbank action will increase pressures in Paris for further moves upward.

Community agrees open market in non-life insurance

By Andrew Hill in Brussels

EUROPEAN COMMUNITY consumers will be able to buy non-life insurance policies from companies anywhere in the EC from mid-1994, member states agreed yesterday.

Internal market ministers reached agreement on the third non-life insurance directive, establishing a single EC passport for insurance companies, and formally approved two other measures to help open the European insurance market to free competition.

Under the non-life directive, companies which set up in other EC countries will be supervised by their home governments. National authorities will lose the right to vet foreign companies' contracts and premiums before they are marketed, except in

the case of compulsory policies such as car insurance.

Ministers indicated that the council might try to push the measure through without the approval of the European parliament if MEPs continue to block it.

Socialist deputies, the largest political grouping in the parliament, are holding the directive hostage, arguing that the social aspect of the single market has been neglected.

Existing legislation had already introduced the principle of home country control for commercial buyers of insurance. Yesterday's agreement extended it to individuals, and overrode the objections of Germany which had wanted to retain the regional governments' monopoly over fire insurance.

Sir Leon Brittan, the EC financial services commissioner, welcomed the three measures agreed yesterday as the "triple crown" of EC insurance legislation.

Ministers also formally approved the insurance accounts directive - which will help shareholders, policyholders and brokers to make direct comparisons between insurance company accounts - and a third measure which sets up a committee to supervise implementation of Community insurance legislation.

The third non-life directive will come into force on July 1, 1994, although implementation of some clauses has been deferred until the end of 1993 for Spain and the end of 1993 for Greece and Portugal.

Treuhand acts to curb abuses

By Leslie Collitt in Berlin

THE Treuhand privatisation agency has adopted new measures to curb abuses in the sale of its east German companies.

The disclosure that two electronics companies were sold to western investors earlier this year for as little as DM1 has forced the agency to revise its valuation guidelines.

In response to pressure from Bonn, an obligatory 19-page negotiating checklist to identify "possible risks" to the Treuhand was issued to officials selling the companies.

The previous, highly misleading practice of valuing companies according to their assets has been replaced by the market value of the company. "Asset valuation is traditional in German business administration but it is a poor system," one official remarked.

As a part of the package of measures, company properties not relevant to the business are to be sold separately by the Treuhand's property division.

In the past, buyers of former state companies frequently received at no extra charge office buildings and other properties in prime urban sites owned by the companies.

The property division, employing more than 200 people, has been swamped with queries and is to be expanded by another 300 employees attached to each of the Treuhand's subsidiaries.

The Treuhand hopes to get a decision by the German Finance and Justice Ministries under which buyers of east German companies would have precedence over claims of former owners of properties.

Two Serb enclaves in Croatia proclaim their independence

By Laura Silber in Belgrade and Judy Dempsey in Mirovicevo, central Croatia

THE European Community's peace initiative in Yugoslavia received a further setback yesterday when two Serb enclaves in Croatia declared independence as fighting swept the breakaway republic.

Lord Carrington, the EC negotiator, was quoted by Tanjug, the Belgrade-based news agency, as saying: "We have to see if there is any sense in the Hague Conference or, as [Serbian] President Milosevic said, it is not of much use."

The two self-proclaimed Serb autonomous regions in Croatia declared independence from the Serb Republic of Krajina. The two territories have no common border but they make up about one-third of Croatia. They include territory not controlled by Serb fighters.

The independence declaration came amid Croatian military successes in western Slavonia, where Croatian forces are preparing to regain the strategically important village of Bude. If Bude, the headquarters of the Serb nationalists in western Slavonia, central Croatia, is seized, it will provide an important military and psychological boost to the Croatian government.

Despite a federal offensive in the south of the republic, Croatian forces have regained a string of villages in western Slavonia over the past eight days, including Mirovicevo, Koprivnica, and Vojin.

But the material and human cost of the campaign has been high. Entire villages have been

destroyed and the Croat and Serb inhabitants have fled.

Yesterday, Croatian army trucks carrying reinforcements were being moved in to the area to consolidate the gains. Croatian soldiers said they now expected to regain most parts of western Slavonia.

"The federal army is retreating. The Chetniks [Serb nationalists] will not be able to hold out these villages here without the support of the federal army," explained Mr Zdenko Sabljak, whose troops yesterday moved into Mirovicevo.

"I think the federal army knows that it cannot hold out western Slavonia, and at the same time hold out eastern Slavonia," a Croat officer said. Eastern Slavonia, which borders with the Serb-controlled province of Vojvodina, forms part of the crucial area which has been mapped out to form greater Serbia.

"Serbia and the army are determined to dig into eastern Slavonia," the officer said. "This rich agricultural region is vital for Serbia. At some stage we will have to launch an all-out offensive to regain this part of Croatia. Many lives will be lost. But we will not allow Serbia to hold onto it," he added.

Mr Herbert Okun, the head of the United Nations observer team, said his unit would visit central and eastern Croatia despite the upsurge in fighting in the area. But he said peacekeepers could not be deployed until a ceasefire takes hold.

EC plan for voluntary eco-audit by companies

By David Gardner in Brussels

THE European Commission has agreed plans for a system of voluntary audits by companies of how their activities affect the environment.

The scheme is a far cry from Brussels' original plans to make these eco-audits mandatory for most sites in 58 industries, which had alarmed industrial lobbies across the Community. The voluntary plan, which still needs approval by EC governments, is more in line with the eco-label system the Council of Ministers approved last week.

In the same way that the label is designed to identify for consumers those products which do least damage to the environment, the proposed audit system would highlight companies which keep the close-

est rein on their environmental performance.

Companies taking part and conforming to EC-agreed green auditing norms would be entitled to use a logo on their annual reports, letterheads, and advertising, so that the system would become a marketing as well as management tool.

Brussels would set the standards, the examination would be carried out either by company or external auditors, and then verified by independent experts nominated by national governments.

Mr Carlo Ripa di Meana, EC environment commissioner, said that this was less than he had wanted. But he said "we do not want to constrain

companies with a complicated network of laws and onerous costs."

The Commission estimates that the cost of an audit for one site employing up to 50 people would be Ecus3,000 (\$3,750) over three years - "a similar amount they might spend on office cleaning" as one official put it. This, of course, leaves aside the cost of putting right any environmentally-damaging practice the audit showed up.

Mr Ripa di Meana said he hoped the measure would be approved under the UK presidency of the EC in the second half of next year.

David Buchanan adds: The Dutch presidency of the EC yesterday failed in an attempt to rewrite bits of the Maa-

tricht treaty's controversial social chapter which it and 10 other EC states agreed on as a means to bypass the UK in making employment laws.

Formerly, it was a letter by Mr Giulio Andreotti, the Italian prime minister, which killed the Dutch attempt to unpick part of the hard-won compromise on social policy at Maastricht. But it needed only one of the 11 signatories to the separate social policy protocol to object for the Dutch presidency's revisionist bid to fail.

Had Italy not spoken up, it was clear that France and Belgium would have done so.

The revisions would have slightly weakened the social provisions agreed by the UK's partners.



Mr Carlo Ripa di Meana: disappointed

Renault seeks to cut 3,700 jobs

RENAULT, which only recently emerged from a damaging strike, yesterday said it wanted to cut 3,746 jobs from its 120,000-strong workforce next year, writes Alice Rawsthorn in Paris.

The news of the French state-owned car group's proposed cuts comes only a day after General Motors, the US car giant, unveiled a four-year rationalisation plan which cuts its workforce by 70,000. Renault's announcement comes amid rising unemployment - a sensitive issue for France's socialist government.

Renault hopes 1,800 of the jobs will go through early retirement. The company has been keen to improve relations with its union since the end of a three-week strike which cost it between FF1.5bn (\$273m) and FF1.2bn. This week Renault announced a pay rise of 3 per cent for 1992 and said it was prepared to begin negotiations over working conditions.

Belgians try again to form coalition

King Baudouin of Belgium yesterday turned to a French-speaking Christian Democrat to form a government, after the Flemish Liberal Mr Guy Verhofstadt failed to negotiate a coalition with the Socialists, writes David Buchanan in Brussels.

Mr Melchior Wathelet, leader of the PSC Christian Democrats, now takes on the tricky task of trying to form a coalition majority in the 212-seat parliament, which, following the November 24 election, has 13 political parties.

Mr Wathelet has the advantage of being virtually the only leading French-speaking politician who is also fluent in Dutch.

He is likely to try to do a deal with the Socialists, who if their French and Flemish wings are counted together form the biggest bloc in the parliament.

The main feature of the November 24 poll was the rise of environmental and extreme right-wing parties at the expense of mainstream parties. But the greens fumbled their chance of power this week, when they rebuffed the offer by the Flemish Liberal, to join a Liberal-Socialist alliance that he was trying to negotiate.

EBRD invests in eastern Europe

The European Bank for Reconstruction and Development has committed nearly Ecus400m (\$516m) to investment projects valued at Ecus1.4bn in recession-hit eastern Europe, Mr Jacques Attali, President of the EBRD said yesterday, writes Anthony Robinson.

Direct private investment has only amounted to about \$3bn this year, largely because of the slow progress of large scale privatisation plans. Mr Attali said freer trade was the main issue. "It is impossible to privatise companies which don't have a market in the developed countries and there will be no growth in investment until the trade problem is solved."

In an attempt to help re-activate trade between eastern Europe and the former Soviet republics the EBRD is working with the International Monetary Fund and the Bank for International Settlements on setting up a payments union, Mr Attali said.

The bank is setting up branch offices in all east European capitals except Belgrade next year and hopes to persuade the US and Japan to drop their opposition to a change in the bank rules which would allow it to lend more to projects in the former Soviet Union.

Germans clear way for recognising republics

By Quentin Peel in Bonn

THE GERMAN government last night agreed in principle to recognise any former Yugoslav republic which requests recognition before December 23 and complies with European Community conditions on respect for human rights and minorities.

The move opens the way for automatic recognition of both Croatia and Slovenia on January 15, the deadline agreed for a common move by EC states.

The German government has made it clear that it has no doubts at all about the ability of both republics to comply with the EC conditions.

Foreign ministry and Croatian government officials have held two days of talks in

Bonn on future economic and cultural relations, and on German humanitarian aid.

Last night's German move steps up the pressure on other EC countries, particularly Britain and France, which have greater reservations about recognising Croatia in the middle of the present fighting.

It confirms a clear change in German diplomatic behaviour, since reunification, to become more determined and assertive in its policies both within and outside the EC.

Germany stressed its determination to support Croatia in the reconstruction of the country and in setting it on the path to democracy and a market economy.

Thank the road

OECD ECONOMIC OUTLOOK

Paris-based think tank expects upturn in industrialised world in six-months' time

Fundamentals for recovery in place

By Peter Norman, Economics Correspondent

ECONOMIC recovery in the 24 industrialised nations in the Paris-based Organisation for Economic Co-operation and Development will be delayed by about half a year compared with the growth trajectory plotted in the OECD's last Economic Outlook six months ago.

The latest, 50th issue of the Outlook projects OECD growth in the second half of 1991 at a niggardly 1 per cent annual rate compared with the first half of this year. By contrast, July's Outlook looked forward to expansion at a 2.4 per cent annual rate in the current six-month period.

The industrialised world will have to wait until the second half of next year for growth to reach the annual 3 per cent rate, which is normally associated with maintaining employment levels. Last summer, the OECD believed this growth rate would be achieved in the first six months of 1992.

Despite this setback, the organisation believes the "fundamental conditions for renewed growth at a moderate pace are in place".

Although the OECD projects a weaker expansion than in previous upturns, it is unwayed by talk of double dip recessions. Economic activity is recovering in countries where it has fallen, albeit more slowly than expected in the US. Growth is picking up in countries where it has been weak. It is slowing to a more sustainable pace in Germany and Japan where evidence of overheating persisted into this year.

As a result, the OECD believes that by 1993 output in the industrial world could be expanding at annual rates of more than 3 per cent, with differences in the rate of expansion across countries narrowing considerably. By then, underlying inflation could be edging down in many countries. However, it expects little overall improvement in unemployment which is projected to be unchanged from its present rate of just over 7 per cent.

The OECD admits that recent softness in economic indicators has added to uncertainty about the timing and strength of growth. The impetus behind the projected pick-up in activity seems less than in past recoveries. The

OECD ECONOMIC OUTLOOK Summary of Projections (Seasonally adjusted at annual rates)					
	1990	1991	1992	1993	Previous forecast 1992
US	1.0	-0.5	2.2	3.8	3.1
Japan	5.6	4.5	2.4	3.5	3.5
Germany	4.5	3.2	1.8	2.5	2.2
OECD Europe	2.9	1.2	2.0	2.7	2.4
Total OECD	2.8	1.1	2.2	3.3	2.9
World Trade (% change)	5.2	3.3	5.7	7.2	5.6
Inflation (GDP deflator) (% change)					
US	4.1	3.8	3.0	2.9	3.6
Japan	1.9	2.2	2.1	1.9	1.9
Germany	3.4	2.6	4.5	3.9	4.2
OECD Europe	3.7	3.0	3.1	2.8	3.1
Total OECD	4.3	4.2	3.7	3.3	3.8
Current Balances (\$bn)					
US	-92.1	-4.1	-55.8	-60.6	-58.0
Japan	35.4	89.8	81.8	80.4	82.1
Germany	47.9	-20.8	-14.1	-12.1	-11.1
OECD Europe	-10.4	-51.7	-43.8	-44.7	-17.3
Total OECD	-101.6	-15.1	-48.0	-57.4	-47.2
OECD	16.5	-42.1	-12.3	-13.3	-12.2
Non-OECD dev countries	-17.7	-35.3	-35.1	-29.7	-24.7
Unemployment (% of labour force)					
US	5.5	6.7	6.7	5.1	5.3
Japan	2.1	2.2	2.3	2.3	2.3
Germany	5.1	4.6	5.0	5.1	5.1
OECD Europe	5.1	5.7	5.3	5.3	5.0
Total OECD	5.3	7.1	7.4	7.1	7.1

*Assumptions include: no change in policies; no change in exchange rates from November 5 1991 (i.e. \$ = ¥136.36 and DM/\$ = 1.936). For the second half 1991 and constant in real terms thereafter. Cut off date for other information used in the projections was November 12. In case of Germany, data for GDP, inflation, labour statistics refer to western Germany only. But from first half 1992, current balances refer to unified Germany. **From previous period's projections from Outlook No. 49, July 1991.

shallowness of the recession and high levels of indebtedness point to only a moderate revival of consumption and investment spending.

Interest rates are the main factor shaping the outlook for economic growth, it says. These have fallen markedly in countries that experienced recession and moderately elsewhere, and the OECD sees no need at present to adjust the basic stance of monetary policies.

However, it concedes that "in many countries" the risks to activity are on the downside. According to Mr David Henderson, head of the OECD's economic and statistics department, countries would be right to lower interest rates further if growth were to prove slower than forecast in the Outlook.

But he said in Paris yesterday that the OECD's projections for next year were consistent with what he had seen in the form of weak indicators between now and the next issue of the Economic Outlook next June.

The latest Outlook provides a checklist for policy-makers wondering whether they should cut rates further in the present uncertain state of the world economy. Before setting they should bear in mind that:

- the most recent easing of monetary policy have yet to be have their full impact;
- it is unclear how far sluggish expansion of money and bank loans will restrain recovery because the growth of credit and liquid balances in securitised forms should make output growth less dependent on bank finance; and
- further easing should not erode the credibility of the authorities' commitments "to achieve approximate price stability".

The OECD believes that monetary easing will only help growth if long-term, market determined interest rates fall as well as short-term rates controlled by central banks. It warns that "the experience of

the past 40 years is that monetary policy runs a greater risk of over-stimulation than of failing to boost activity."

On fiscal policy, the OECD believes countries should continue to place the main emphasis of policy on containing and reducing deficits to free funds to finance investment. "Here again, credibility is easier to lose than to earn and keep," Mr Henderson warned.

The Outlook says that the US budgetary process "still appears inadequate to keeping federal finances on a sound course". Policies in Germany appear sufficient to reduce the general government borrowing requirement to 3 per cent of gross national product by 1994, "but this objective allows no room for slippage". The OECD notes that in Italy "sizeable additional - and ambitious - measures" are planned to put deficit reduction on track. But these have yet to be implemented, and similar attempts in the past have failed to reach

their goals.

The OECD gives its approval to "active" labour market policies, such as retraining, counselling and improved job placement, to deal with the continuing problem of unemployment. At the same time governments need to remove regulatory impediments to the efficient working of labour markets and create conditions for a better balance between wages and capacity of economies to pay them.

With the Uruguay Round of trade liberalisation talks still in the balance, the OECD strongly repeated its call for a positive conclusion. Such an outcome would "yield gains in dynamism and efficiency" in the industrial world and help support moves to liberalisation in the developing world and the former communist countries of eastern Europe.

Mr Henderson pointed out that protection for domestic producers in countries such as Czechoslovakia, Poland, Chile and Mexico was now lower, more uniform and more transparent than that accorded to producers in most OECD countries. "For the first time in economic history, the main impulse to trade liberalisation is now coming not from the industrial countries which profess to accept liberal norms, but from countries whose past tradition has been to question or reject them," he said.

Presenting his last OECD Outlook before retiring from the organisation in April, Mr Henderson said there was still great scope for further integration in the world economy.

He called on OECD governments to move towards establishing a liberal international economic order, in which virtually all the countries of the world would be full participants. This would bring large political and economic gains.

"The fact is that the current and prospective costs of continued OECD protectionism, which were considerable even before the recent changes in central and eastern Europe and elsewhere in the world, have now been substantially increased," he said.

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Changing fallacies of 25 years of economics

By Peter Norman

THE latest OECD Economic Outlook is the 50th to be published every half year since July 1967.

It is, like the organisation that produces it, rather understated. But it bears witness to the changing fads and fallacies of international economists in 25 years of relentless and often confusing change.

The first Outlook was published as the post-war "golden age" of strong economic growth, low unemployment and stable inflation was drawing to a close. Few realised that at the time, however. Academic economists and policy makers were still confident that high or full employment - meaning a jobless rate of around 3 per cent - could be maintained through active demand management.

The 1970s provided a series of shocks as the Bretton Woods system of fixed exchange rates broke down, oil prices soared, inflationary pressures grew and high growth rates gave way to recession. Yet as late as 1977, the OECD published a report, "Towards full employment and price stability", talking of growth in the 24 member countries of 5.5 per cent a year between 1975 and 1980.

Such hopes proved too optimistic and had to be abandoned. So did many of the prescriptions of that time - such as prices and incomes policies. In the face of high inflation and unemployment, the 1980s produced a more sober assessment of the capacity of governments to influence economies and a growing awareness that deregulation and reform of economic structures were needed if performance were to start improving again.

Gradually a consensus emerged that stressed the role of monetary policy in containing inflation and the importance of reducing fiscal deficits to create scope for private sector investment.

The latest Outlook notes that economic performance in the OECD has deteriorated in recent years. Finding out why will be the task of economists and policy makers in the 1990s.

Brighter outlook for east Europe

By Peter Norman

OUTPUT in the former communist countries of eastern Europe is expected to continue falling next year, but at a slower rate of 2.2 per cent overall compared with nearly 10 per cent this year, the OECD reported.

In its latest Economic Outlook, it said this year's estimated 60 per cent drop in trade among the former members of the Comecon trading block had been one important reason for declining output in Bulgaria, Czechoslovakia, Hungary, Poland and Romania. But another factor could be the impact of structural reform.

The OECD said reform efforts had been truly radical in intent. "But behaviour changes have been less evident," and implementation problems have been pervasive.

Modest upturn seen for Britain next year

BRITAIN will experience a modest economic recovery next year with the GDP growth rate likely to lag behind the growth of potential output until 1993, the Organisation for Economic Co-operation and Development reported, writes Peter Norman.

In its latest Economic Outlook, the OECD said the recession in the UK appeared to have ended by the summer of 1991. "A modest recovery may be under way, accompanied by more rapid disinflation than had been widely expected," it said.

If the OECD forecasts turn out to be true, Britain will cease to be the slowest growing member of the Group of Seven leading industrial nations next year and will assume a position in the middle of the G7 growth league after three years at the bottom.

But the organisation warned that high private sector indebtedness would restrain growth. Unemployment was therefore likely to continue rising, "perhaps stabilising at some 2.7m or more in the first half of 1993, or almost 10 per cent of the labour force" before edging down gradually afterwards.

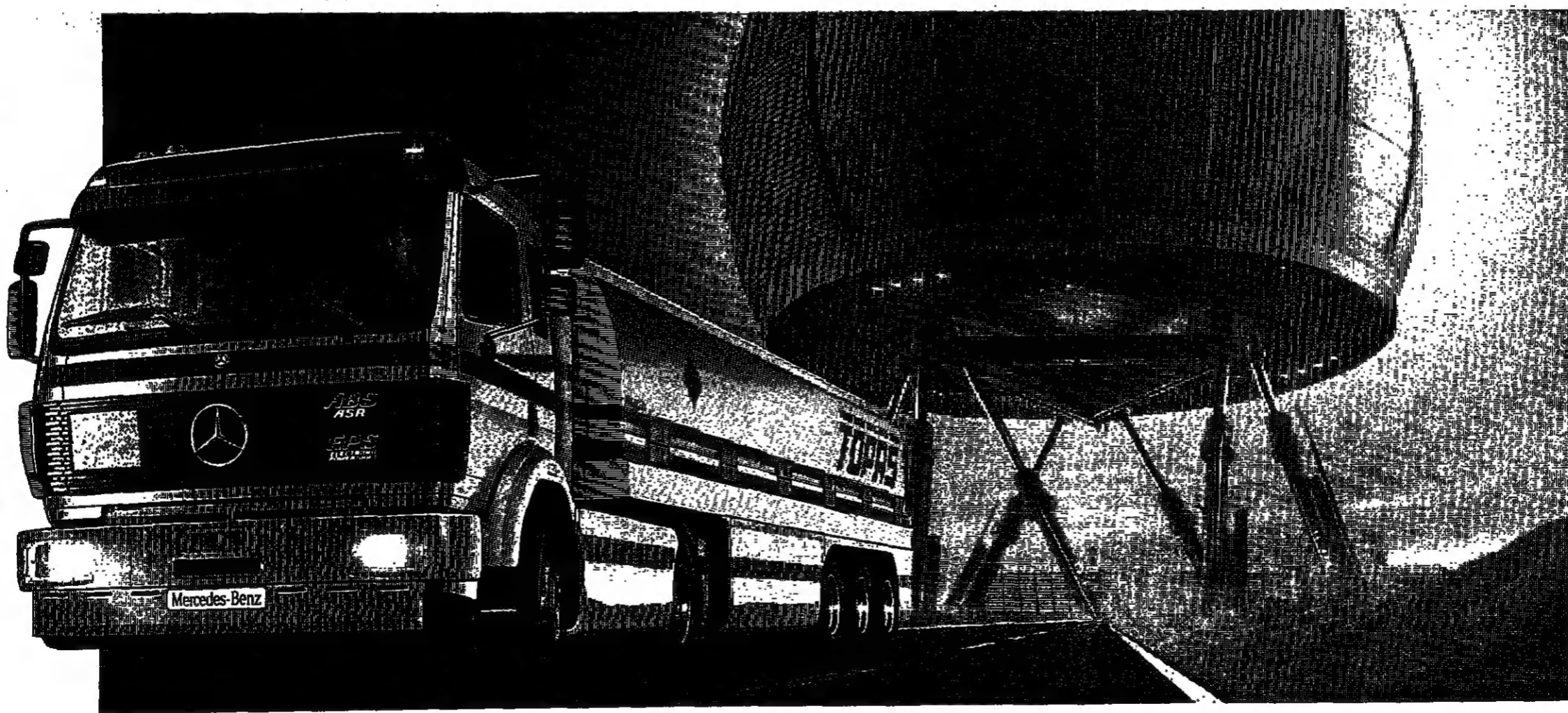
The OECD expected nominal

OECD economists believed that the fall in output in Hungary might reach a trough in the middle of next year while Czechoslovakia would lag somewhat behind, and Bulgaria and Romania still further. They expected output in Poland to be roughly unchanged next year although the downside risks to this forecast were considerable.

The OECD made no forecasts for the former Soviet Union, which it said was becoming increasingly disorganised economically. But it believed the Soviet foreign debt problems reflected a boarding of foreign exchange rather than a deteriorating trade balance. It said reduced imports should have caused large swing of around \$7bn to surplus on the overall hard-currency current account.

Such an outcome would partly reflect a "change in attitudes" in industry's drive to contain costs and moderate wage claims in response to lower inflation. The OECD said such changes were not only consistent with maintaining sterling's rate in the European Monetary System but could mean that the output and employment losses associated with achieving low inflation would be significantly smaller than in the past and notably less than in the early 1980s.

The OECD said further supply side reforms to improve the flexibility of the economy were needed.



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INTERNATIONAL NEWS

A vicious wit to fell the opposition

Kevin Brown on what the Australian Labor party wants from its new prime minister

SIX MONTHS after failing at the first attempt, Mr Paul Keating finally made it yesterday to The Lodge, the modest Canberra residence of Australia's prime ministers.

It was the end of a long campaign of attrition against Mr Bob Hawke, whose reward for leading Labor to power in 1983 was to become the first Labor prime minister ejected from office by his own party.

Mr Keating's 56-51 margin was closer than expected by many observers, including Mr Hawke's own chief supporters, who feared he would be humiliated by a landslide loss.

The closeness of the vote allowed Mr Hawke to depart with a measure of dignity, but it also underlined the deep split in the Labor Party that Mr Keating inherits. He now has two months to reunite the party and reinvigorate its policies before parliament meets again in February for the last full year before the next election - which must be held by May 1993.

Labor turned to Mr Keating because it had lost faith in Mr Hawke's ability to overhaul the conservative opposition, which has built up an 18 point lead in the opinion polls since narrowly losing the last election in 1990.

What the party wants from Mr Keating is the kind of fighting talk which made him Labor's best parliamentary performer in his eight year stint as treasurer (finance minister) - which ended when he retired to the back benches in June.

He is capable of both spectacular vulgarity - "scumbag" is a favourite insult - and vicious wit, exemplified by his description of a vanquished parliamentary opponent as a "soufflé" because he never rose twice. It is a combination picked up in the brawling fac-



A new prime minister for Australia: Paul Keating smiles at a press conference after defeating Bob Hawke as leader of the Labor Party yesterday

tional politics of New South Wales, where Mr Keating joined the dominant right-wing faction after leaving school and quickly learned how to use ridicule and the rule book to cow his left-wing opponents.

Unlike Mr Hawke, who leaves The Lodge hoping to be remembered as a man who was unchained by high office, Mr Keating long ago left behind his Irish Catholic working-class upbringing. As treasurer, he acquired a collection of French

second-empire clocks and classical recordings which meshed seamlessly with his taste for free-market economics and sharp Italian suits, but contrasted oddly with the government's class-based rhetoric.

It was an image which helped push his popularity to a record low when, last year, Australia moved into recession partly as a result of the government's miscalculated monetary policy.

Significantly, after the vote

yesterday, he appeared in an old suit and went out of his way to apologise for his description of the slowdown as "the recession we had to have".

It looked like the first steps in a campaign to give the new prime minister a caring image. However, Mr Keating seemed ill-at-ease in the role. He was uncharacteristically nervous, and came to life only when an economic question allowed him to reel off some figures.

His priority as prime minister will be to restore harmony to the government, without which Labor will suffer an inevitable defeat at the election.

A major reshuffle is unlikely given the instability caused by two reshuffles over the last six months. But there may be changes, if only to bring some new blood into the cabinet. The most likely candidates to go will be Mr Gerry Hand, the immigration minister, and Senator John Button, the industry minister.

The immediate impact of the change of prime minister is likely to be a 1 per cent cut in interest rates, to 7.5 per cent, which has long been factored in by the markets in the event of a victory by Mr Keating.

There will also be an economic statement early in the New Year aimed at reducing unemployment, currently at a post-war record of 10.5 per cent. Mr Ralph Willis, recently installed as treasurer by Mr Hawke, signalled similar intentions earlier this week.

Mr Keating's greatest advantage over Mr Hawke will be the end of the debilitating leadership struggle, which has distracted attention from government policies. He is also more likely than Mr Hawke to be able to rattle the conservative opposition, led by Mr John Hewson, a former economics professor, who also replaced an aging predecessor.

Mr Keating's strategy will be to lead from the front by attacking the opposition at every opportunity, while hoping for an economic upturn.

In the aftermath of victory, he appeared nervous, but he knows better than anyone that his performance will have to change rapidly if he is to claw Labor back from the abyss into which the leadership struggle has almost plunged it.

Hawke blamed for economic misjudgment

The master of consensus leaves a bitter division

By Kevin Brown and Alexander Nicoli

BOB HAWKE came to office as the master of consensus. He leaves with a mixed record, and with his own reluctance to quit having caused a bitter division in his Labor party.

The leadership struggle has paralysed the government and probably considerably weakened the party's chances of winning the next election. A deep recession, blamed on misjudgments by both Mr Hawke and Mr Keating, has also made re-election an uphill task.

Mr Hawke, 62, was for 10 years president of the Australian Council of Trade Unions until he entered parliament in 1980. His first contribution to becoming prime minister in 1983 was to heal the wounds which opened up in Australian society during the years of his predecessors, Mr Gough Whitlam and Mr Malcolm Fraser.

His talent for consensus helped Australia to put behind it the trauma of the 1975 constitutional crisis, when the governor-general sacked Mr Whitlam at Mr Fraser's urging. His initially direct and outward-looking style, itself a reflection of a surge in Australian self-confidence, also helped.

His government, favouring tripartite summits as a way of developing economic policy, won an accord with the trade union movement which swapped union wage restraint for social policy advances in health, education and social services, and later for tax cuts.

The great progress was in attacking regulation and protectionism. He achieved deregulation of the financial sector, the entry of foreign banks, floating of the currency, a

semi-independent regime for interest rates and a determined attack on tariffs, which are scheduled to become minimal by 2000.

The Australasian model, embracing the comparable reformist Labour government in New Zealand, was legitimately considered for some



Hawke took a prominent role in the Commonwealth

years to be worthy of emulation. But the overall record turned out to be a more mixed one. The accord with the unions was a valuable tool in reducing inflation, but it also had the effect of increasing the share of corporate profits in GDP at a time when Australia was in the grip of an asset boom.

The boom got seriously out of hand in Australia - growth in the stock market exceeded even that in Japan between 1983 and the crash in 1987.

Consequently, the correction, when it came, was even more severe than elsewhere, and the market is still

below pre-crash levels.

There have been two important failures. Macro-economic policy, which had been too loose after the 1987 crash, was kept too tight after a current account and foreign debt problem developed in 1988. The misjudgment, together with the collapse in asset values, weak commodity prices and a drought, has caused a serious recession and record unemployment.

Secondly, the government failed to achieve significant micro-economic reforms: this has left bottlenecks in transport industries and a rigid labour market in which wage settlements generally bear no relation to demand for labour or to productivity.

Mr Hawke also made his mark as an international statesman, taking a prominent role in the Commonwealth, particularly on the issue of South Africa, and in promoting Australia's position among its Asian neighbours, for example by proposing the creation of Asia Pacific Economic Co-operation, the grouping which now embraces 14 Pacific nations.

However, the poor state of the economy and the collapse of some of the country's best-known entrepreneurs has done little for Australia's image and its reputation for competitiveness.

A combative, proud and emotional man, and an archetypal Australian, he was yesterday gracious in defeat. "I am now a considerably poorer man, my income stream has been diminished, I have considerable debts and I will have to think how to meet those," he said.

Japan's ruling LDP backs plan to raise taxes

By Stefan Wagstyl in Tokyo

JAPAN'S ruling Liberal Democratic Party yesterday backed a plan to raise taxes in the financial year starting April 1992 in order to make up expected shortfalls in tax revenues caused by a slow-down in the economy.

The proposal for an increase of ¥78bn (25.15bn) follows weeks of increasingly intense lobbying between politicians, bureaucrats and businessmen in which the Ministry of Finance played a crucial role.

The ministry, which has a long-standing aversion to fiscal deficits, resisted from the outset demands for an economy-boosting budget, funded by increased borrowing. The planned tax increases are slightly less than the ¥800bn the ministry originally wanted. But the ministry and the cabinet look set to approve the LDP's proposals in the next few days.

The ministry is working on a draft budget which envisages a 4.5 per cent increase in general government expenditures to around ¥38,700bn, including a 6 per cent rise in official development assistance. The ministry had wanted to create a special ¥500bn international contributions fund, but the proposals ran into opposition

from rank-and-file LDP members. They objected to introducing such a high-profile new expenditure in an election year (elections to the bicameral Diet's upper house are due next summer). However, the planned increase in ODA is expected to meet most of the government's needs.

Under the LDP's plan, the extra tax revenues will largely be raised by extending a temporary corporation tax introduced this year for two years. This will help finance Japan's contribution to the Gulf War. The tax is levied at the rate of 25 per cent.

The plan also envisages raising extra funds from changes to inheritance tax, from adjustments in the way standard corporate tax is applied to loss-making companies and from the introduction of a new land-holding tax.

As well as raising revenues, its purpose is to discourage landlords from leaving property vacant.

Roh reshuffles cabinet

MR Roh Tae Woo, South Korea's president, yesterday reshuffled his cabinet to form the government team for next year's parliamentary and presidential elections, John Blading writes.

The reshuffle was smaller than expected, affecting only seven of the 27 ministers and leaving the economics team largely intact.

President Roh has decided that the most urgent work is

economic recovery and therefore he must have a consistent policy," said Mr Lee Soo Jung, the presidential spokesman who was appointed minister for culture yesterday.

Mr Roh's government has been criticised for its handling of the economy. Inflation is running at an annualised rate of about 10 per cent, and the current account deficit, already over \$10bn, is five times larger than last year.

S Africa's economic ills could bedevil a transition to democracy

By Philip Gawth in Johannesburg

A RECENT study of the prospects for South Africa's political transition has a sobering message for delegates to the Convention for a Democratic South Africa (Codesa), which today begins negotiations on the country's constitutional future.

History records no example of a successful transition from an authoritarian to a democratic society against the background of a declining standard of living, according to the study by two of South Africa's leading financial institutions.

Hence the significance of recent figures from the Department of Finance, which show that real gross domestic product, per capita, has fallen in South Africa since 1981 at an

average annual rate of about 1.5 per cent.

Although the Reserve Bank estimates that real gross domestic product is down by less than 1 per cent over the 32 month period of the recession, the effects on the ground have been much more severe than that figure suggests.

Retailers agree that trading conditions are the most difficult they have experienced in 20 years. Insolvency figures - up 45 per cent in July-October over the same period in 1990 - underline this story.

The impact of the recession has been especially painful on the employment front. The Reserve Bank pointed out in its annual economic report that the labour absorp-

tion capacity of the economy - the proportion of job-seekers gaining formal employment - dropped from an average 87 per cent in the 1960's, to 73 per cent in the 1970's. In the 1980's it fell further, to 23 per cent. But even more striking are the

figures for 1985-1990, when the ratio dropped to an average of only 7 per cent. The trend is only in part to labour-saving machinery.

Growing unemployment, accompanied by a sharp rise in crime, inevitably contributes

to the political tensions Codesa delegates are trying to resolve, but prospects for economic recovery remain uncertain.

The Reserve Bank is gloomy about the short term, predicting only "small positive real growth" for 1992. Nevertheless, some economists anticipate much higher growth in the next few years - provided there is a successful conclusion to the current talks.

One of the main reasons for optimism is the belief that South Africa would no longer have to run a current account surplus in order to service its external debt. Sympathetic treatment by creditors of a post-apartheid South Africa would allow extra resources to finance growth.

Optimists also hope for firmer commodity prices and improved world economic growth. But if these hopes are not fulfilled, the trigger for economic recovery is likely to be a lowering of interest rates. Although the Reserve Bank has had limited success in its fight with inflation, economists agree inflation has peaked (at around 17 per cent according to official figures), and as it declines so will interest rates.

Codesa is not specifically addressing economic issues. But the business community is hoping that sooner rather than later, the conference agenda will discuss the formidable economic problems that face a new South Africa.



Ms Benazir Bhutto leads opposition deputies out of parliament yesterday to protest against the gang-rape of a friend

Opposition disrupts parliament

Pakistan PM under fire over rape case

By Farhan Bokhari in Islamabad

AN opposition campaign against President Ghulam Ishaq Khan intensified yesterday when his annual address to parliament was disrupted by opposition MPs while outside police in riot gear used tear-gas on hundreds of opposition supporters.

As Mr Khan rose to speak, Ms Benazir Bhutto, the former prime minister, and fellow MPs tried to interrupt by raising a point of order. When the speaker ruled this inadmissible, MPs began to bang tables and shout. They walked out half an hour after the speech began.

The move was a sign of continuing pressure on the president over the alleged gang rape of Ms Farzana "Veena" Bhutto, a close friend of Ms Bhutto, on November 27. Ms Bhutto's father says she was raped at her home by five gunmen who said they were sent by Mr Irfanullah Marwat, son-in-law of the president. Mr Marwat, home affairs adviser

to the government of Sindh province, denies the accusation.

Later, Ms Bhutto told a press conference: "This president does not represent the unity of parliament." She added that "He represents interests of his family". She described Ms Bhutto's case as evidence of the worst kind of male prejudice and chauvinism which was meant to intimidate her, and vowed to continue her struggle against "fascist" rule.

However, Mr Khan denied the allegations. He said he condemned the attack on Ms Bhutto but that it was up to the judiciary to decide the case. He denied that Mr Marwat had been named as a suspect in the case.

Yesterday's developments preceded today's trial of the alleged gang-rape of Ms Farzana Bhutto, a meeting of elders called by Ms Bhutto's father in the northern town of Peshawar to discuss the case and decide on future action.

Mideast talks will move to Moscow

By Our Middle East Staff

THE third stage of Middle East peace talks will open as scheduled in Moscow at the end of January, Mr James Baker, the US secretary of state said yesterday.

Mr Baker told journalists after a Nato meeting in Brussels that the talks would open on January 28 and 29 despite the break-up of the Soviet Union. "The parties involved all want to see that happen. We are not about to pull back on an agreement. We expect the talks to take place," he said.

A total of 35 countries, including Maghreb and Gulf states will join the talks, which are expected to cover such topics as water resources, the environment, refugees and arms control.

Bilateral talks between Israel and its Arab neighbours, adjoined in Washington on Wednesday after six days of inconclusive debate over the status of Palestinian delegates, the meaning of US resolutions and the US role in the peace process.

Military lets ex-MPs stand in Nigeria poll

NIGERIA'S presidential race has been thrown wide open by a military decision to allow disqualified former legislators to seek elective office, political sources said yesterday, Reuters reports from Lagos.

But the sources said the Armed Forces Ruling Council's (AFRC's) move on Wednesday was likely to cause more confusion in the two military-created parties vying for full civil rule late next year following bitterly-fought state government polls.

It affects several thousand ex-politicians and officials, some with powerful followings. They were originally disqualified from politics until civilian rule was restored to help to create a fresh political climate in a country with a history of ethnic and political tensions.

A statement issued after the AFRC meeting said people in President Ibrahim Babangida's administration were also free to join the political process, apart from the president himself.

UN gets funding for Iraq guards

By Frances Williams in Geneva

THE United Nations has succeeded in raising enough funds to maintain a contingent of UN guards in northern Iraq, following a warning earlier this week that it might have to be withdrawn.

Prince Sadruddin Aga Khan, head of UN aid operations in Iraq, announced yesterday in Geneva that contributions of just over \$8m (\$2.3m) would mean the contingent could be restored to 500 within a few weeks. The lack of funds had already forced the UN to repatriate 187 guards, leaving the present strength at about 300.

The bulk of the extra funds has come from Germany, which put up \$6.2m, and Britain, which contributed \$1m.

Taiwan's election campaign highlights independence issue

Tomorrow's poll, the first fully contested by the opposition, is being anxiously watched by China, writes Luisetta Mudie

TAIWANESE voters go to the polls tomorrow in what will in effect be a referendum on the question of independence even though the word has officially been banned in the election campaign.

The elections to the National Assembly, which votes on changes to the constitution and elects the president, are the first to be fully contested by opposition parties and the first in which the ruling Nationalist Party, the KMT, does not have a built-in majority.

The main opposition Democratic Progressive Party (DPP), led by Mr Hsu Hsin-Liang, adopted independence for Taiwan into its manifesto last October despite laws forbidding it to do so.

The KMT condemned the move, calling it "an irresponsible act which

affects the security of the nation and the well-being of the people." Though Taiwan has operated as an independent state since 1949, the KMT, headed by President Lee Teng-hui, claims to be the sole legitimate government of all of China with Taipei as the provisional seat of government.

It seeks eventual reunification with China but on its own terms. To advocate independence for Taiwan is considered seditious and is technically punishable by long prison sentences. References to independence have been deleted from DPP campaign literature and party political broadcasts on national television.

Despite the question that this raises about the degree of democracy in Taiwan, these elections represent a significant step in the democratisation process and also towards renun-

ciation by the KMT of the claim to sovereignty over the mainland. All the "old thieves," the deputies elected to the Assembly in 1949 for constituencies on the mainland, have been pensioned off and a quarter of the 335 seats have been designated to represent the mainland, no longer with pretensions to represent any specific constituency.

Direct elections from Taiwan constituencies will account for 225 seats, while the other 100 will be allotted proportionately according to each party's share of the vote.

The campaign has been marked by complaints of unfair treatment in the media by the DPP and accusations of corruption and violence on both sides. Professor Michael Reisman of Yale University, who is observing the elections, said fairness could be called into question if it

were found that the electorate had not been apprised of the DPP's views as a result of censorship. The turnout is thought likely to be 90 to 95 per cent of the 13m eligible voters. The KMT is confident of winning the 75 per cent majority it needs to carry through its programme of constitutional reforms.

The DPP is aiming for about 30 per cent of seats in the Assembly, but is demanding that the old constitution, a left-over from the days of KMT rule on the mainland, be scrapped and a new one written for a Republic of Taiwan.

Mr Chang King-Yu, president of the National Chengchi University, thinks that the majority of Taiwanese will opt for stability. "The KMT may have some shortcomings but

it's a brand people know," he says. "The violent behaviour of some of the DPP's supporters and the party's lack of experience in government worries people. Also, they will not vote for something which is potentially dangerous. Other analysts say however that there is a growing demand among educated people for recognition for Taiwan in the international community."

Taiwan is the world's 13th largest trading nation but it has not been able to make headway in the world diplomatically as most of its efforts are blocked by China.

There is no doubt that the Chinese government, too, will be anxiously awaiting the election results. Relations between Taipei and Beijing have been improving steadily in recent years.

Since the rise of the independence

movement Beijing has had a vested interest in the KMT retaining power. Both governments are in favour of eventual reunification but the KMT is trying to buy more time, ever hopeful of political change in China.

The Chinese government has made some ominous threats about what might happen should Taiwan declare itself independent, and has not yet renounced the use of force against the island. While this is in the election campaign, and the progress made in relations with China is probably a vote-winner, the KMT must be careful not to appear too sensitive to Beijing's every word and gesture if it is to avoid criticism from all sides at home.

The KMT will know tomorrow whether its political juggling act has succeeded.

If the customer is always right, the world's best airline is Swissair.

Air travel is more than just a convenient way of getting from A to B...or Z. Airlines compete with each other to provide passenger satisfaction. An airline's success, indeed its survival, depends on it. Over the past 26 years, an independent research company, the International Travel Research Institute (INTRAMAR), has developed techniques to measure this crucial factor. It has evaluated passenger satisfaction for a total of 95 airlines in 72 countries. Its latest survey, the recently published *Intramarm World Airline Monitor 1990-91*, identifies the decisive influences:

Top factors in passenger choice of airline and satisfaction rating.

1. Punctual flights	76%
2. Excellent in-flight service	59%
3. Superior aircraft	52%
4. Comfortable seats	48%
5. Efficient reservations	44%
6. Discounts/money-saving deals	43%
7. Good check-in service	43%
8. Clean cabins, seats, washrooms	38%
9. Good food and beverages	36%
10. Attractive frequent flyer plans	28%
11. Superior business class	26%
12. Superior first class	17%

Who says so?

INTRAMAR interviewed 1,450 respondents in forty major cities, in 26 different countries in Europe, North America, Asia, and Australia. They are qualified to make a sound judgement by reason of two important sampling requirements. In the first place, they are all frequent travellers, who make an average of ten international flights per year. Secondly, they are experienced travel agents, with an average of ten years in the travel industry, who are professionally knowledgeable regarding airline service and performance. And they weren't just sent a questionnaire to fill out and return. They were interviewed in person.

How do they know?

From their own flight experience. Each of them had flown the airlines they reported on within the past three years - a total of 32,000 recent flights on 44 different airlines.

These seasoned travellers hold strong opinions. In most research studies, a high proportion of respondents will opt for an easy 'don't know' or 'no opinion' answer, usually between 10 and 20 per cent of any sample. In this survey of airline satisfaction ratings, more than 99 per cent of those questioned wanted to express an opinion.

How did they rate the airlines they fly?

In total, 44 airlines were graded in seven different categories (figures represent the number of airlines in each category):

Above average		Below average	
Super-Excellent	9	Fair	4
Excellent	12	Rather poor	6
Good	3	Very poor	6
		Extremely poor	4

Twenty airlines were rated below-average, in the categories 'Fair' to 'Extremely Poor'. The study does not disclose these by name, except to the airlines concerned. However, it does identify the 24 carriers which performed above-average:

The 24 top airlines.

Super-Excellent		Index
1	Swissair	180
2	Singapore Airlines	173
3	Lufthansa	165
4/5	Cathay Pacific	157
4/5	Thai International	157
6	KLM	154
7/8	British Airways	150
7/8	Japan Airlines	150
9	Finnair	149
Excellent		
10	Virgin Atlantic	148
11	Qantas	147
12	Air Canada	146
13/15	All Nippon Airways	144
13/15	South African Airways	144
13/15	SAS	144
16	Varig	137
17	Japan Air System	136
18	American Airlines	133
19	Air New Zealand	132
20/21	Canadian Airlines	124
20/21	Air France	124
Good		
22	Gulf Air	118
23	Malaysia Airlines	117
24	Delta Air Lines	108

The average Passenger Satisfaction Index for all 44 airlines surveyed is 106.

(It should not be assumed that an airline which does not appear on this list has a below-average passenger satisfaction index. The survey did not cover all of the world's airlines, just 44 of the better-known carriers.)

The competition to provide passenger satisfaction continues.

Swissair is proud to have been named as the first choice of the world's most knowledgeable and seasoned travellers. (At this level, the researchers say, the phrase should be 'passenger enthusiasm'!) We extend our congratulations to our 23 competitors who also achieved above-average ratings. We know how dedicated you have to be in every area of airline operation to gain the confidence of the travelling public. It takes a long time to win, and it can be so easily lost.

We also realise that these competitors will strive their utmost to dislodge us from first place in the years to come. So, for Swissair, the message of this survey is, 'If at first you succeed, try and try again'.

Swissair has obtained the permission to publish this information, which is extracted from an article written by Dr. George Hodel, director-general of the International Travel Research Institute (INTRAMAR), Hong Kong. It first appeared in the December issue of the magazine, 'Airline Business'.

swissair 

AMERICAN NEWS

BCCI assets forfeited in US plea bargain deal

By Alan Friedman in New York and George Graham in Washington

THE liquidators of the Bank of Credit and Commerce International (BCCI) have agreed to plead guilty to fraud, racketeering and drug money laundering, to pay a \$10m fine and to turn over all of BCCI's US assets - totalling \$550m - to the US government. This is part of a far-reaching settlement of criminal charges, announced yesterday by officials in New York and Washington.

The plea settlement calls for the \$550m of BCCI assets in the US to be liquidated and placed in a special government account, to be administered by the Departments of Treasury and Justice.

Half of the \$550m - the largest criminal forfeiture in US history - will be used to cover fines, prosecution expenses and capital injections made by the Federal Deposit Insurance Corporation to US banks that were illegally controlled by BCCI. These are First American Bank of Washington and Independence Bank of Encino, California.

The other half will be applied to a Worldwide Victims Fund, used to settle claims from victims of BCCI's criminal conduct outside the US.

Aside from the \$550m asset

forfeiture, a \$10m fine will be paid to New York state and an immediate \$5m is to be injected into Independence Bank, said by officials to be in urgent need of the capital.

Mr Robert Morgenthau, federal district attorney for Manhattan, who first brought fraud charges against BCCI on July 28, said that, beyond the guilty pleas and financial terms, the settlement calls for BCCI liquidators to provide full co-operation and to share documents with US prosecutors who are continuing to present evidence to grand juries. Mr Morgenthau and Mr William Barr, US Attorney-General, said more BCCI indictments are expected.

The plea bargain also covers a new federal indictment for racketeering conspiracy filed yesterday against BCCI and associated companies. The new indictment expands on earlier racketeering and conspiracy charges filed against BCCI and some of its officers.

Charges last month accused BCCI of fraudulently taking over Independence Bank in California through nominees. The indictment yesterday levels the same charge at its acquisition of First American Bank in Washington DC and National Bank

of Georgia in Atlanta.

The indictment also adds charges of helping the Medellin drug cartel of Colombia to launder money and evade US taxes.

Justice Department officials said the future co-operation agreed with the liquidators of BCCI and associated organisations could take years off the process of bringing criminal charges against individuals involved in the BCCI affair, and enable the Justice Department to bring some charges it would otherwise not have achieved.

"Foreign enforcement jurisdictions have had some concern about providing evidence to us that could be used to take money away from depositors in their countries," said Mr Robert Mueller, assistant attorney general for the Justice Department's criminal division.

Although Luxembourg authorities have approved the settlement, the government of Abu Dhabi is not a party to it. Officials said they continue to seek the extradition of Mr Swaleh Nayef, former BCCI chief executive, who is under arrest in Abu Dhabi, and Mr Aga Basa Aheidi, former chairman, who is in Pakistan.

Good news on exports marred by jobless rise

By Michael Prowse in Washington

AN increase in exports in October provided encouraging evidence that US companies remain competitive in world markets, Mr Robert Mosbacher, the US Commerce Secretary claimed yesterday.

The momentum of export growth, however, has slowed in recent months.

Exports rose \$1.4bn to \$36.7bn, in cash terms the highest total ever recorded. Imports rose by only \$1.2bn to \$43.5, causing the trade deficit to shrink to \$6.7bn compared with \$6.9bn in September.

The good news on exports, however, was marred by a larger than expected surge in claims for unemployment insurance in the first week of December, indicating that labour markets are continuing to deteriorate.

Claims jumped 79,000, more than wiping out a 61,000 decline in the previous week which was distorted by the Thanksgiving holiday.

In the three months to October, exports were running about 6 per cent higher than in the same period last year. However, they were only 1 per cent higher than in the preceding three months, indicating that export growth is slowing sharply - a reflection of reduced demand in some overseas markets.

Mr Mosbacher drew attention to the strength of manufactured goods this year. In the first 10 months, manufactured exports were 9 per cent higher than in the corresponding period of last year.

He said the trade deficit for the year as a whole was likely to be about \$70bn, about a third lower than last year and the smallest shortfall since 1983.

The states' well running dry

George Graham examines the squeeze on US local finance

SIX WEEKS ago, New Jersey Republicans were elated, having ridden to a crushing victory in the state legislative elections on a wave of voter hostility to higher taxes introduced by Democratic Governor Jim Florio.

Today, they are biting their nails as their ousted Democratic rivals, in their last weeks in office before the new legislature takes over in January, threaten to reverse the \$2.5bn of tax increases they voted only last year, leaving the new assembly with a budget problem beyond their worst nightmares.

The lame-duck session is an opportunity for a great deal of mischief. The Democrats are hurt and they're angry," said Mr David Kebler, president of the Public Affairs Research Institute of New Jersey.

New Jersey is not alone in wrestling with an intractable conflict between voters' fierce antipathy to tax increases and the difficulty of balancing state budgets in a recession.

In Connecticut, Governor Lowell Weicker, an independent, last week vetoed an attempt by the state legislature to reverse the budget package, including, for the first time in Connecticut's history, a tax on salaries, which he had forced through in the summer.

In California, Republican Governor Pete Wilson announced a sweeping plan to slash welfare payments by 25 per cent, in a bid to balance the state's budget.

Recession-hit New England is the region with the worst budget problems, but sunbelt states such as Florida and Texas also face difficulties.

Many states saw their tax revenues decline in the fiscal year that in most cases ended in June. Despite efforts to compensate with tax increases, the current fiscal year is bringing even deeper problems.

"The fragile foundations upon which fiscal year 1992 state budgets [stand] are



Governors Weicker, Florio and Wilson: Worrying about taxes and balances

already showing serious strains due to a sluggish national economy," noted the National Council of State Legislatures.

States have faced steadily increasing budget pressures in the 1980s as the federal government has shifted more responsibilities onto their shoulders. Most states had adjusted well, but the recession has brought them to a crisis: the flagging economy has slashed tax revenues and put more people out of work, so increasing the numbers signing up for welfare payments or claiming health benefits under Medicaid for low-income families.

Balanced budget laws apply in most of the 50 states, so deficit financing is not an option.

"Twenty-five states, as well as Puerto Rico and the District of Columbia, were experiencing revenue shortfalls early in the second quarter of fiscal year 1992. In addition, 20 states had begun to experience overruns in Medicaid spending and 17 states report that essential increases are pushing welfare expenditures above projected levels," the NCSL reports.

Similar problems are hitting other levels of local govern-

ment. More than 89 per cent of the 443 counties with populations of more than 100,000 said they faced a budget shortfall in the 1991 fiscal year, according to a survey by the National Association of Counties, and 60 per cent are prohibited by law from raising property taxes, their main revenue resource.

For states which raised taxes last year, further increases are an extremely unpalatable option this year, when 12 governorships and more legislatures are up for election.

"There is very little chance that any new dollars will be raised in taxes. We raised \$5bn in taxes last time, and there just isn't the will in the legislature to do it again," said Mr Tom Bates, a Democratic legislator in California, a state whose first-quarter tax revenues were already \$384m below budget and which faces another \$2bn to \$3bn tax shortfall this year.

One of the problems for the states is their pattern of tax revenues. Sales taxes and corporate income taxes account for the bulk of revenues in many states, and both have suffered from the recession.

Governor Weicker of Connecticut, in his crusade to introduce a personal income tax to his state, argued that it would be much less vulnerable to recessions, and also less regressive than heavy sales taxes.

Florida, which faces a \$200m revenue shortfall this year, would need an amendment to the state constitution to introduce an income tax. The state's Texas seems scarcely more likely to adopt an income tax in the near future, although it managed to balance its two-year \$590m budget for 1992-93 only by resorting to some creative projections for revenue from a new state lottery.

There is also electoral opposition to lower spending, but, in general, this has been far outweighed by electoral opposition to higher taxes.

If New Jersey's lame-duck Democrats press ahead with their plan to roll back last year's tax increases, the new Republican legislature will have six months to deal with a difficult dilemma: come up with slashing cuts in spending or pass their own tax increases - unless Governor Florio spares them the choice by vetoing his own party's repeal measures.

Libya sanctions threat soon

By Lionel Barber, US Editor, in Washington

THE US, Britain and France are expected to issue soon public threats of sanctions against Libya, in retaliation for the bombing of Pan Am flight 103 over Lockerbie in Scotland three years ago.

The aim of the sanctions would be to force Colonel Muammar Gaddafi, the Libyan leader, to comply with demands for the extradition of two Libyan intelligence agents indicted in Scotland in connection with the bombing, according to British and US officials.

The three allies are considering the introduction of a UN Security Council resolution

which would set out their demands to impose sanctions such as banning all international flights in and out of Libya, as well as the sale to that country of commercial aeroplanes and spare parts.

Other more severe sanctions, such as a ban on the sale of military goods and "dual-use" technology, as well as a ban on Libyan oil exports, are also under review. A military strike similar to the US raid on Tripoli in 1986, while not ruled out, is viewed as more remote.

The US and Britain have been sounding out members of the UN Security Council to test support for a sanctions resolution.

The backing of the council would be a "tremendous asset", especially if it included Arab states, said one British official.

In a joint statement, the two countries called for extradition of the two Libyan agents and compensation for the bombing. Securing a UN Security Council resolution may prove difficult if China, one of the five permanent members, threatens a veto. US diplomats also view the attitude of Japan, which is taking a seat on the Security Council next year, as critical. "They hate coming down on any side of an issue," said one official.

He said the trade deficit for the year as a whole was likely to be about \$70bn, about a third lower than last year and the smallest shortfall since 1983.

Ozone discovery throws scientists into disarray

By John Hunt, Environment Correspondent

SCIENTISTS ARE having to reassess the impact of global warming - the so-called greenhouse effect - because of a report by the United Nations Environment Programme (Unep) and the World Meteorological Organisation.

This suggests that the depletion of the stratospheric ozone layer may have a cooling rather than warming effect on the climate.

It has been accepted that the thinning of this protective layer 30km above the earth's surface was an important contributor to global warming - second only to the greenhouse gas carbon dioxide created by burning fossil fuels.

Yesterday Dr Tony Cox, director of atmospheric sciences for the Natural Envi-

ronment Research Council (Nerc), said the new evidence "makes the issue far more complicated than we thought".

The report of the Unep and WMO is to be published in January but a summary has been sent by members of the United States Environmental Protection Agency.

An agency official said it "turns the science of global climate change on its head".

British scientists take a more cautious view. They point out that any cooling effect of ozone depletion would operate only near the poles.

An international panel of scientists will examine the matter as part of a review of the impact of greenhouse gases to be published in April.

Venezuela may sell petrochemicals stake

By Joseph Mann in Caracas

VENEZUELA'S national oil company PDVSA is looking at the feasibility of selling up to 51 per cent of shares in Pequiven, its wholly-owned petrochemical subsidiary.

Shares would be offered to the public on the Caracas Stock Exchange and on a US exchange.

It also is examining ways to encourage more private investment, especially from abroad, in coal, natural gas and oilmulsion, a new fuel made from extra-heavy crude oil and water.

PDVSA already has coal production and marketing agreements with Italy's Agip Coal, and a joint venture with Exxon, Mitsubishi and Shell to produce and sell liquefied natural gas. It also has a joint venture with British Petroleum for international marketing of oilmulsion.

However, PDVSA officials warned that the sale of shares in Pequiven is still at the con-

ceptual stage, and that any such initial move would have to be approved by the Ministry of Energy and Mines, then by the Venezuelan Congress.

VIASA, the Venezuelan international airline, reached agreement on a new labour contract late on Wednesday night with pilots who had been on strike since November 24.

The pilots, whose strike grounded all flights, won a substantial increase in their wage package, but also made concessions to the airline, which was privatised in August and is now controlled by Spain's Iberia.

The strike was not only a test for Iberia, but also for the Venezuelan government's privatisation programme. It was not clear whether the company has become able to raise the productivity of its pilots under the two-year agreement.

A surprising gain for the pilots was an annual wage rise linked to a cost of living index.

Higher Brazil taxes after IMF squeeze

By Victoria Griffith in São Paulo

THE Brazilian House of Representatives has approved legislation to raise federal taxes in 1992, in a bid to balance the federal budget and bring inflation under control.

The new law, which would realise up to \$12bn in extra revenue next year, is considered fundamental to the success of the country's negotiations with the International Monetary Fund.

The House rejected proposals to place a higher tax burden on upper-income brackets.

The federal government was forced to make a big concession - the roll-over of \$700m owed by states and cities to the federal government and foreign banks. The government maintains one of the highest obstacles to controlling inflation is spendthrift local government. São Paulo state alone carries about \$15bn in debt.

Now, the states and cities will have their debt resched-

uled over 20 years, repaying at 6 per cent a year, adjusted for inflation. If the debt has not been fully repaid by the year 2011, the outstanding amount will be rescheduled over another 10 years. The law stipulates that the states and cities will not be allowed to issue new debt until 1993.

The federal government, which guarantees the states' foreign debts, is now to be responsible for the negotiation of their obligations to international banks.

The new law also gives the government the right to issue Treasury bonds to cover payments, which should give it more flexibility in meeting debt obligations. The Senate was expected to approve the law late last night.

Big de Janeiro has acknowledged its second victim of cholera, a few weeks after the city recorded its first case of the disease in modern times.

CHEMICAL BANK SINGAPORE BRANCH

MANUFACTURERS HANOVER SINGAPORE BRANCH

CHEMICAL BANK and MANUFACTURERS HANOVER TRUST COMPANY MERGE AND FORM THE NEW CHEMICAL BANK

To: All Our Customers

In the latter half of 1992 Manufacturers Hanover Trust Company will merge with and into Chemical Bank. Our Singapore operations will also merge at the same time.

In preparation for the date of actual merger it is necessary, subject to all relevant approvals, to integrate the customer records and information of both banks. We have in this regard written to all the customers of our Singapore branches. If you have not received our letter please contact now:

Gisa L. Wagner (Tel No: 65-2245500) MHT, Singapore Branch (Fax No: 65-2255842)

Robert L. Corcoran, Jr (Tel No: 65-2911298) Chemical Bank, Singapore Branch (Fax No: 65-2901752)

Treuhandanstalt

Invitation: **PRE-QUALIFICATION** for a tender of the largest construction group in the surrounding area of Berlin and northeastern Germany

ELBO BAU AG
O-2510 Rostock 5

Märkische Landeskultur- und Tiefbau-Union GmbH
O-1561 Potsdam

ntu Norddeutscher Tiefbau und Umweltschutz GmbH
O-2500 Rostock

Märkische Bau-Union GmbH
O-1561 Potsdam

TUSEK-Bau Neubrandenburg GmbH
O-2000 Neubrandenburg

Mecklenburger Bau-Union AG
O-2000 Neubrandenburg

Total group:

Sales in 1991 - DM 1,000,000,000/Employees - 11,000

Conditions

- The Treuhandanstalt, in accordance with its legal mandate, intends to sell the six aforementioned construction companies as a group through a restricted tender.
- Authorized participants in this restricted tender will be those companies and bidders whose necessary qualifications have been established through a pre-qualification process.
- The pre-qualification process requires submission of proof of:
 - a construction industry background (building construction, civil engineering, residential construction);
 - a management capacity sufficient for the operation of these companies; and
 - capital resources of the necessary magnitude.
- Interested parties are required to submit in writing this pre-qualification documentation along with any further relevant information about themselves. No particular form for this documentation is necessary.
- The pre-qualification materials are to be submitted in a sealed envelope marked only with the entry "ELBO-Pre-Qualification".
- These materials must arrive latest at the Treuhandanstalt, Leipziger Straße 5-7, O-1080 Berlin, Germany, on January 21, 1992, by 2 p.m.
- The opening of the pre-qualification materials will take place subsequently in the presence of a notary public.
- The Treuhandanstalt will decide on the pre-qualification and the interested parties will be informed accordingly.
- The restricted tender for the aforementioned companies will take place within the three (3) weeks following January 21, 1992. At that time, the pre-qualified parties will receive all necessary information about the companies as well as authorization to visit the companies.

These conditions are translated from the German language. In case of dispute the German wording will prevail.



Treuhandanstalt

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Germany

Telefon + 49 30 31542808
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مكتبة الأصيل



MacSharry (left) and Madigan: discussions "static"

Gatt to deliver draft of final treaty today

By William Duffice in Geneva and David Gardner in Brussels

THE URUGUAY Round trade negotiations came to a halt in the early hours of yesterday morning, leaving Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (GATT), 24 hours in which to prepare some 30 final draft texts.

A 500-page "final act" will go to the printers early today and be handed to delegations in the evening for transmission to governments. On January 13, the governments have to send their negotiators back to Geneva, to decide whether or not to accept a package of agreements intended to expand trade, remove current restrictions and reinforce international trading rules.

Mr Dunkel, his aides and the chairmen of seven negotiating groups worked through the day yesterday to formulate credible compromises in sectors such as services, intellectual property rights and anti-dumping as well as in the key market of farm reform. Without an agreement on agriculture, the whole package will be rejected by the US and other farm-exporting nations.

In Brussels the US and the European Community broke off a 15-hour marathon effort to resolve their differences over how to reduce farm subsidies at 2 am yesterday but planned to reconvene this afternoon.

Dutch Prime Minister Ruud Lubbers, current EC president, joined the talks between EC Farm Commissioner Ray Mac-

Sharry and US Agriculture Secretary Edward Madigan but with no effect.

An EC official said the discussions had been "static, even going backwards". There had been no narrowing of the gap between positions on the depth of the cuts to be made in subsidised exports. Other issues such as the contents of the "green box" of permitted internal supports to farmers, which had appeared to be close to agreement, had been re-opened.

Mr Jacques Delors, President of the EC Commission, said in Paris yesterday that there was a "25 per cent chance" of securing agreement in the US-EC farm discussions. The crucial but elusive trade-off being sought will allow the EC the right to include in the "green box" all direct payments to farmers envisaged in the reform of its common agricultural policy. In return the US would secure the cuts it is seeking in EC subsidised wheat exports and the abandonment of the EC's demand for restrictions on imports of non-grain feedstuffs.

The whole of the EC delegation to the trade talks will fly to Brussels this evening, to take part in the assessment of the draft agreements tabled by Mr Dunkel. The assessment has to be ready for a meeting of EC trade ministers on Monday, which after French insistence it is now agreed can be attended by farm ministers.

Davidoff and Havana resolve cigar dispute

By Frank Gray

DAVIDOFF, the prestigious Swiss-based cigar maker, said yesterday that its two-year-long trade dispute with Cuba had been resolved with a decision by the Cuban tobacco authorities to cease using the Davidoff brand-name for its own cigars. Mr Raymond Scherer of Davidoff said the dispute had been settled amicably, but declined to elaborate.

The dispute began in 1989 when Davidoff announced it was shifting its cigar manufacturing operations out of Cuba and to the Dominican Republic.

Cubatabaco, the state monopoly, had been in a mar-

keting dispute with Davidoff and, through a Swiss-holding company, had tried to take over Davidoff's retail operations. The takeover bid was refused.

Mr Scherer said that, under the agreement, there would be no replenishment of Davidoff Havana cigar stocks to the group's international outlets. Existing stocks, of which there is about a year's supply, would gradually be sold and replaced by Davidoff Dominican and other non-Cuban supplies.

The move will affect Hunters and Frankau, which handles a range of Havana imports, including the Davidoff brands.

Job cuts by GM add to US tension with Japan

By Stefan Wagstyl in Tokyo

JAPANESE car makers are bracing themselves for increased political tension over their trade with the US following the announcement that General Motors, the largest American manufacturer, is cutting more than 70,000 jobs.

Japanese companies are concerned that the news will raise the domestic pressure on Mr George Bush, the US president, to take a tough line on trade when he visits Tokyo early next month on his first visit to Japan.

Mr Yukata Kinme, chairman of the Japan Automobile Manufacturers Association, said yesterday he was concerned that the GM decision had been announced just before the president's visit. It could add to the pressure being imposed by the US on Japan.

The chief executives of the big three US car groups will be among 20 top American businessmen who are accompanying the president to Japan. They include Mr Robert Stempel, the GM chairman.

Toyota Motor, Japan's biggest maker, issued a statement wishing GM success in its strategy and expressing concern for the workers who would lose their jobs and for their families.

Three other makers - Nissan Motor, Honda Motor, and Mazda Motor - yesterday announced plans for boosting imports of car parts and local purchasing of components for overseas operations. Toyota unveiled a similar scheme on Wednesday.

Officials said the timing had nothing to do with GM's announcement. But the companies have been under pressure from the Ministry for International Trade and Industry which last week said "subsidised" leading manufacturing companies to prepare measures to boost purchases of foreign-made goods. MITI wants to have the programme ready by the time Mr Bush arrives.

Aside from the car makers, electronics manufacturers have also been prominent among the companies involved in the scheme, which is called Business Global Partnership and is the latest in a line of import-boosting programmes from MITI.

MITI has been stung into action by the sharp rise in Japan's trade surplus from \$63bn (\$24.6bn) in 1990 to a likely \$100bn this year, which has prompted criticism in Washington and in Europe.

The surplus with the US has stayed flat at an annual level of about \$40bn, but officials are concerned that a recovery in the US economy next year could lead to a rapid rise in the bilateral surplus - coinciding with the American presidential election campaign.

The "buy foreign" plans announced by the makers set ambitious goals. Toyota intends to raise imports from \$230bn (\$93bn) in the year to June 1991 to \$400bn in 1994, and local procurement overseas from \$3.7bn to \$5.5bn.

Nissan plans a 150 per cent increase from 1990 levels to \$1.23bn, and a 280 per cent rise in local procurement to \$5.4bn.

Honda and Mazda propose increases on a similar scale.

Hong Kong companies caught in crossfire

The China-US trade war is fuelling uncertainty in the colony, writes Angus Foster

A WORSENING trade row between the US and China is fuelling uncertainty in a territory which, in most respects, is an innocent bystander: Hong Kong.

After the US announcement last month of a list of Chinese exports worth \$1.5bn (\$240m) which will face retaliatory tariffs unless China improves its protection of intellectual property rights, two Hong Kong companies with operations in China have postponed plans for a stock market listing. A third, a subcontractor for US toys, says it is looking into alternative production centres in south-east Asia.

Hong Kong fears that the US action, known as a Special 301 investigation under US trade legislation, marks the beginning of an uneasy six months. The Bush administration's decision to extend Most Favoured Nation (MFN) status to China for 1991 has yet to be approved and will be debated in the US Senate early next year; MFN for 1992 will become an issue from May.

The US is also investigating market access in China under another 301 investigation. This runs until October next year but could become linked to MFN. Less importantly, but

adding to trade tensions, Chinese companies have been accused of dumping and cheating on textile quotas. Last month, US consumer groups called for a boycott of Chinese-made toys amid claims of child and forced labour.

An unsuccessful outcome to any of these disputes would

Kong of a breakdown in US-China trade is difficult. But according to some estimates, if China loses MFN status, Hong Kong would lose between HK\$7bn and HK\$10bn in income, 32,000 to 42,000 jobs, and 1.3 to 1.5 per cent of GDP in the year of MFN withdrawal. If China retaliated

seriously affect Hong Kong, which in the past 10 years has become closely linked to the economy of southern China.

Hong Kong companies, attracted by cheap land and labour, have moved manufacturing and processing across the border. According to Chinese estimates, Hong Kong manufacturers now employ more than 1.5m people in southern China, twice their Hong Kong total.

Hong Kong is the main conduit for China's overseas trade. For example, 70 per cent of China's exports to the US go through Hong Kong.

Calculating the cost to Hong

the US and Europe, and companies remain convinced that southern China is the cheapest and most efficient sourcing centre. Toy and electronics companies moving to Thailand have already had problems with infrastructure and labour.

Smaller Hong Kong companies would be most affected by

any US action. Lacking resources to diversify in the region, they have concentrated on southern China. If China lost MFN status, many would be forced out of business.

Moreover, most experts in Hong Kong believe that the Special 301 investigation will be resolved before its January 16 deadline. Hong Kong hopes China realises that its relationship with the US has changed dramatically since the collapse of communism in the Soviet Union and eastern Europe, and that US business is disillusioned with the Chinese market. China is expected to make concessions on intellectual

property rights, although probably only at the last moment.

If there is no agreement by the deadline and retaliatory tariffs are imposed, about \$400m-worth of Chinese exports are likely to be affected. Damage to Hong Kong will be largely indirect, through lost shipping and handling earnings, because the US will try and target products made by Chinese state-owned exporters rather than Hong Kong or other foreign companies in China.

While Hong Kong expects a short-term resolution of US-China trade frictions, some analysts say businessmen in the colony have missed the implications of US policy shifts. With President Bush urged at home to get tough on China over human rights and weapons sales, trade frictions have become an established feature of the relationship, not a temporary headache.

"I think China's future as a manufacturing base for export to the US is now limited, and that will affect which companies come to Hong Kong," Mr Robert Broadfoot, managing director of P&E Risk Consultancy, says. If the US takes action, "businessmen may see alternatives, and switch, perhaps to Mexico, Vietnam from 1993 or eastern Europe".

Beijing negotiators are prepared for a tough weekend of talks to try to stave off imminent US trade punishment that could cost China's economy dearly, officials said, Reuter reports from Beijing. Western diplomats said the negotiations, which on the US side will be headed by Mr Joseph Massey, assistant trade representative, were China's last chance to avoid punitive tariffs on

\$750m worth of exports to the US.

Mrs Carla Hills, US trade representative, said on Monday in Washington that she would impose the punishment soon after January 16 if Beijing did not give the US satisfaction. The US wants changes to China's copyright law that came into effect on June 1, and in its patent law and computer software regulations.

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Rolls-Royce wins Emirates \$500m jet engine order

ROLLS-ROYCE, the UK aero engine maker, yesterday won a \$500m (\$274.7m) order to power a fleet of Boeing 777s for Emirates, the airline of the United Arab Emirates, writes Daniel Green.

The decision to buy the heavy thrust Trent engine from Rolls-Royce goes some way towards soothing the feelings of the European aerospace industry. Emirates rejected Europe's Airbus aircraft in favour of US-made Boeings in a

\$20m order on Wednesday.

It also increases the uncertainty over who will win the race to supply engines for other Boeing 777s.

Rolls-Royce beat US rivals Pratt and Whitney and General Electric (GE), but lost out in another deal yesterday to a consortium of GE and Snecma of France, which is to supply SP900m (\$354.3m) of engines to Swissair and Austrian Airlines.

Swissair ordered 52 CFM56-5B

engines from CFM International, a joint venture between GE and Snecma. Austrian Airlines ordered a further 26.

Rolls-Royce said the Austro-Swiss order was "disappointing". City of London analysts said there was now a shrinking market for the medium-sized V500 engine, supplied by the International Aero Engine consortium which includes Rolls-Royce and Pratt and Whitney of the US.

The Emirates order was for 36 Trent

877 and 884 engines, including eight spares. It boosts confidence in Trent which had been dented by British Airways' decision in August to power its 777s with GE engines.

Both Emirates and Swissair said their decisions were based on commercial considerations, including price.

This is the second order for the Trent/777 combination. The first was from Thai Airways International in September.

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Argentina to open car market

ARGENTINA has announced a car import regime that will gradually open its protected domestic market, ending months of wrangling between Argentina's three car companies and the government, writes John Barham in Buenos Aires.

Mr Domingo Cavallo, economy minister, announced that the government would allow 16,000 units to be imported in 1992, equivalent to 8 per cent of domestic output.

Imports will rise gradually to reach 10 per cent of output in 1994.

In a warning to local manufacturers, Mr Cavallo said the quota would be increased if delivery waiting lists extended beyond 90 days.

Argentina has three car manufacturers. They are Autolatina, holding company for Ford and Volkswagen operations in Argentina and Brazil; Sevel which builds Peugeot, Fiat and Citroën cars under licence; and Renault, the French state-owned manufacturer.

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DIVIDEND NOTICE

The Directors resolved on 11th December 1991 to pay a dividend of 2.5 pence per share to shareholders of the High Yield Portfolio on record on 30th December 1991 payable on 2nd January 1992.

By order of the Board

UK NEWS

DEFENCE

International missile business at risk, say MPs

By David White, Defence Correspondent

BRITISH INDUSTRY'S future in the international missile business may be at risk, MPs warned yesterday.

A House of Commons defence committee report complained of slow progress by the Ministry of Defence in deciding on a new short-range missile to equip the Royal Air Force's Harrier and planned European Fighter Aircraft jets.

The order for development and initial production may be worth some £700m. It is considered vital to the guided weapons activities of British Aerospace, whose Advanced Short-Range Air-to-Air Missile (Asraam), using a guidance system by Hughes of the US, is having to compete against two other bids.

These are a version of the French Mica missile proposed by GEC-Marconi in conjunction with Matra, and an updated model of the current US Sidewinder. The committee said the programme had been "effectively stalled" for the past two years.

"Meanwhile, the opportunities for the UK to export an Asraam-type missile, and this country's missile development and production capabilities are in danger of withering away," it said. It urged the MoD to take into account in its analysis the impact the contract award would have on UK industry's "ability to develop and build advanced missile systems".

The committee said a contract was not expected until late next year. But the MoD is now understood to be planning an early decision.

The report coincided with

the opening of US-European contest for a contract reckoned to be worth at least £500m to replace Britain's Bloodhound air-defence missiles.

BAe is bidding against its own European partners by teaming with Raytheon of the US in promoting the Patriot missile used in the Gulf war.

BAe's proposal would combine the Patriot with the UK company's own new-generation Rapier 3000 low-level air-defence system. Raytheon would be prime contractor.

This proposal is pitched against a joint bid by GEC-Marconi and Eurosam, a consortium comprising Aerospatiale and Thomson-CSF of France and Alenia of Italy. The weapon proposed by Eurosam, the SAM-PT, is part of a planned new family of missiles based around a naval system in which both BAe and GEC-Marconi are involved as UK partners.

Hughes of the US is believed to be competing with a land-based version of its Advanced Medium-Range Air-to-Air Missile (Aramram), jointly with Siemens Plessey Defence Systems and NFI of Norway.

Bids for the contract were due in yesterday. A decision is expected late next year.

Car output falls on weakening exports

UK car production in November fell heavily by 18.7 per cent, the fourth sharp monthly fall in succession writes Kevin Done, Motor Industry Correspondent.

Despite the deep recession in the domestic new car market, UK car output was sustained earlier in the year by a big jump in production for export markets. Output has fallen heavily in the last four months, however, as weakening demand from export markets has begun to compound the still falling level of production for the domestic market.

On a seasonally adjusted basis car production in the six months to the end of November was 19 per cent lower than in the previous 6 months and 11 per cent lower than in the same 6 months a year ago.

According to figures released yesterday by the Society of Motor Manufacturers and Traders and the Central Statistical Office, car output in November fell to 115,823 from 142,417 in the corresponding month a year ago. Production for export at 60,337 was 8.5 per cent lower than a year ago, the second successive monthly year-on-year fall, while output for the domestic market at 55,486 was 27.4 per cent lower than a year ago.

Unusually in each of the last four months car output for export markets has exceeded production for the severely depressed home market.

In the first 11 months of the year car output has fallen by 3.9 per cent to 1,157,335 from 1,203,777 in the corresponding period of 1990.

This decline masks a 29.4 per cent drop in output for the domestic market to 594,120, while production for export has jumped by 65.3 per cent to 563,215.

EDUCATION

Quarter of seven-year-olds struggle to read

By Andrew Adonis

MORE than a quarter of English seven-year-olds have difficulty with reading and basic mathematics, with a significant variation in results between local authorities, the publication of the seven-year-old test results revealed yesterday.

The results of the tests in English, maths and science conducted this Easter - the first such national figures to be published - divide seven-year-olds into three main groups: those performing at the level to be expected of a five or six year old (level 1); those performing as expected (level 2); and those at the level of a typical nine year old (level 3).

Overall, performance in science and English is better than maths. In science, 90 per cent were at level 2 or beyond, with 23 per cent at level 3; in English 78 per cent were at level 2 or beyond, 17 per cent at level 3; while in maths 72 per cent were at level 2 or beyond, with only 6 per cent at level 3. The results also showed notably better performance by girls than boys, particularly in English.

Most local education authorities had between 76 and 84 per cent of their pupils at level 2 or beyond, but there were notable variations for authorities with

not dissimilar social compositions. The London borough of Brent, for example, had 79 per cent of its children at level 2 or beyond in maths, while the west London borough of Ealing achieved only 65 per cent.

The results mean that one in four seven-year-olds cannot distinguish between odd and even numbers up to at least 100; that they cannot demonstrate knowledge of the alphabet, spell simple words correctly or read independently; and that they cannot understand the notion of angles, or explain the most commonly-used units of length, capacity, weight and time. In other words, they are functionally illiterate and innumerate, to use educationalists' jargon. Variations within subjects and between local education authorities are striking.

Mr Kenneth Clarke, education secretary, said such variations were unacceptable. "Social and economic factors do not provide the full explanation for the variations. There are some inner-city authorities towards the top of the rankings and some counties towards the bottom," he said.

Mr Jack Straw, the opposition Labour party's education



English children appear to be well behind their German counterparts in mathematics

spokesman, blamed poor levels of achievement on the government. "These results have turned out to be a test of the government's record in education: they've failed badly," he said.

However, Mr Matthew Tay-

lor, Liberal Democrat education spokesman, described them as "common sense", and called for more pre-school education for three and four-year-olds.

Mr David Hart, general secretary of the National Association

of Head Teachers, said: "The teaching profession will take on board the implications of these results, but it should be praised for ensuring that well over 70 per cent of seven-year-olds have reached or surpassed the targets."

German schoolchildren lead the numbers game

By Andrew Adonis

IT IS NOT easy to say how the children tested this year in England compare with their opposite numbers on the Continent because most children in the EC start school a year later.

Nor does any country have a national testing regime to match that developing in England and Wales under the

national curriculum. Even so, studies in the mid- and late-1980s by Mr Sig Prais, of the National Institute of Economic and Social Research, comparing performances in England and Germany found the English to be particularly weak in mathematics.

This is the area producing the poorest results among sev-

en-year-olds in this year's tests.

Examining the performance of 15-year-olds in the lower half of the ability range in the two countries, Mr Prais found: 66 per cent of German pupils were correctly able to solve $88.53 - 85.64 = 3.89$, while only 4 per cent of pupils in England got

the right answer to $2.8 - 4.13 + 6.3 - 0.44 = ?$

59 per cent of German pupils solved $543.75 + 12.5 = ?$, while only 10 per cent of pupils in England correctly answered $40 \div 0.5 = ?$. Since this year's seven-year-olds are incapable of knowing and using addition and subtraction

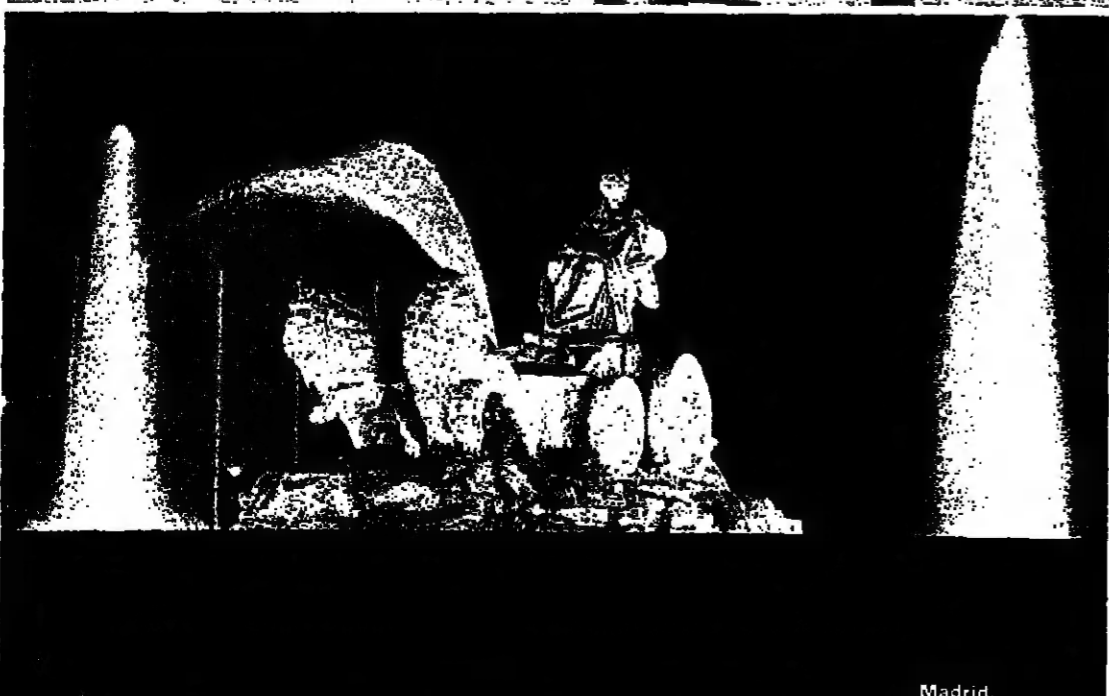
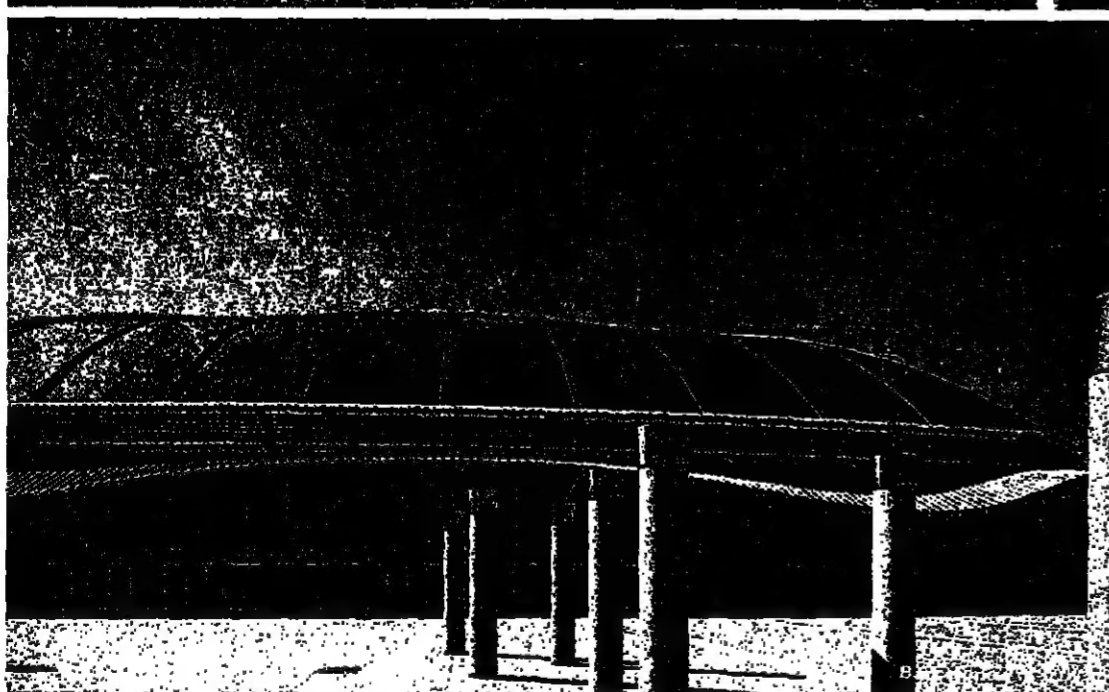
up to the figure of 10, that ought not to be surprising.

A recent report by Her Majesty's Inspectorate on French primary education found whole-class teaching with blackboards to be the general practice in French schools, with each child having a small slate on which to write answers. No "progressive" methods there.



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Welcome to Spain's year: 1992. A year in which we wish you all the happiness in the world. A new year in which Spain has so much to offer: Sevilla: Expo'92. Sevilla: V Centennial. Barcelona: Olympic Games. Madrid: European Cultural Capital. Visit us in '92. It's the year for Spain.



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NOTICE OF REDEMPTION AND TERMINATION OF CONVERSION RIGHT

To the Holders of:

Duty Free International, Inc.

7% Convertible Subordinated Debentures Due 2001

Redemption Date: January 19, 1992

Conversion Right Expires 5:00 p.m., New York City time, January 19, 1992 (CUSIP No. 267094 AA 9)

Duty Free International, Inc., a Maryland corporation (the "Company"), hereby notifies you that it has elected to call for redemption on January 19, 1992 (the "Redemption Date"), pursuant to the provisions of the indenture, dated as of April 15, 1991 (the "Indenture"), between the Company and The Chase Manhattan Bank, N.A., as trustee, all of its outstanding 7% Convertible Subordinated Debentures Due 2001 (the "Debentures") at a redemption price of \$1,000.00 per \$1,000.00 principal amount of Debentures, together with accrued and unpaid interest from April 15, 1991 to the Redemption Date of \$53.28, for a total of \$1,053.28 (the "Redemption Price") for each \$1,000 principal amount of Debentures. The Redemption Price will become due and payable on or after the Redemption Date upon surrender of the Debentures to The Chase Manhattan Bank, N.A., or to any agent designated by the Company for that purpose. The Debentures may be converted into shares of the Company's Common Stock at any time prior to 5:00 p.m., New York City time, on the Redemption Date, when the conversion right expires, the Debentures may be converted into shares of the Company's Common Stock at any time prior to 5:00 p.m., New York City time, on the Redemption Date. The number of shares of Common Stock issuable upon conversion of the Debentures is determined by dividing the principal amount of the Debentures to be converted by the conversion price of \$23.125 per share of Common Stock (the initial conversion price of \$23.125 has been adjusted to reflect a stock split effected by the Company on July 5, 1991). Based on the foregoing formula, each \$1,000 in principal amount of Debentures is convertible into approximately 43,243.24 shares of the Company's Common Stock. Debentures are convertible in whole or in part in any integral multiple of \$5,000. No fractional shares of the Company's Common Stock will be issued upon conversion. Instead, a cash payment for each fractional share will be made on the basis of the last reported sale price per share of the Company's Common Stock as reported in The Wall Street Journal for the date of conversion. Payment in respect of interest accrued on the Debentures from April 15, 1991 to the date of conversion will be made upon conversion of the Debentures. All Debentures not converted into Common Stock prior to 5:00 p.m., New York City time, on the Redemption Date, when the conversion right expires, will be redeemed at the Redemption Price.

Holders of Debentures who convert will be mailed stock certificates for the number of full shares ultimately issuable as a result of their conversions and checks for accrued interest to the date of conversion and any fractional shares ultimately issuable. As long as the price of the Common Stock is greater than \$24.513 per share, holders of Debentures will, upon conversion, receive Common Stock and cash in lieu of any fractional share (excluding interest thereon), with a market value greater than the amount of cash receivable upon redemption of the Debentures. Based on the last reported sale price on the NASDAQ National Market System on December 18, 1991 of \$46.29 per share of Common Stock, the market value of Common Stock that holders would obtain by converting each \$1,000 principal amount of Debentures into shares of Common Stock (including cash representing accrued interest to the date of conversion and cash received in lieu of any fractional share) on that day would be \$2,003.42. Trading of the Company's Common Stock on the New York Stock Exchange on December 18, 1991. Holders of Debentures should obtain current market quotations for the Common Stock.

In summary, you have the following three alternatives:

1. Prior to 5:00 p.m., New York City time, on January 19, 1992, when the conversion right expires, to convert Debentures into Common Stock at the rate of 43,243.24 shares of Common Stock per each \$1,000 principal amount of Debentures. As long as the price of the Common Stock is greater than \$24.513 per share, Debentureholders will receive Common Stock and cash in lieu of any fractional share (excluding interest thereon) with a market value greater than the cash receivable upon redemption of the Debentures. Holders of Debentures should obtain current market quotations for the Common Stock. A holder may convert a portion of a Debenture if the portion is a whole multiple of \$5,000. Holders who want to convert their Debentures must satisfy the requirements of the Debentures.
2. To surrender Debentures for redemption at the Redemption Price of \$1,053.28 for each \$1,000 principal amount of Debentures. Debentures, together with all coupons appertaining thereto, if any, and with a properly completed and executed Letter of Transmittal, must be surrendered to the Agent to collect the Redemption Price.
3. To sell Debentures in the open market through usual brokerage facilities or otherwise. Holders of Debentures who wish to sell their Debentures should consult with their own advisers regarding if and when they should sell their Debentures.

Alternative 1 is available only if the Agent receives your Debentures and your properly completed and executed Letter of Transmittal or other appropriate notification prior to 5:00 p.m., New York City time, on January 19, 1992. Because January 19, 1992 is a Sunday and is not a business day, you will be required, in effect, to exercise your conversion right prior to the close of business on Friday, January 17, 1992. After January 19, 1992, your only alternative under the Indenture will be to surrender your Debentures for redemption at the price of \$1,053.28 for each \$1,000 principal amount of Debentures, the total Redemption Price. Interest will cease to accrue on the Debentures on the Redemption Date.

Debentures, together with all coupons appertaining thereto, if any, and with a properly completed and executed Letter of Transmittal, must be surrendered to the Agent listed below. Debentures in bearer form must be surrendered to an Agent outside the United States.

The method of delivery of the Debentures is at the option and risk of the holder of the Debentures, but if mail is used, certified or registered mail, properly insured, is recommended.

Each registered Debentureholder, and upon request, each holder of Debentures in bearer form, will be provided with a copy of the Company's Prospectus relating to a standby arrangement entered into in connection with the redemption of the Debentures. Debentureholders are encouraged to review such Prospectus, particularly the sections captioned "Selected Consolidated Financial Data," "Price Range of the Company's Common Stock," "Redemption of the Debentures," and "Description of Capital Stock." No liability will be assumed by the Company for the conversion, redemption or sale of their Debentures. Copies of this Notice of Redemption, the Letter of Transmittal and Prospectus may be obtained from any of the Conversion and Paying Agents listed on the attached schedule, or the Company, Investor Relations, Duty Free International, Inc., 19 Calton Street, Ridgefield, Connecticut 06877, telephone number (203) 431-6057.

December 20, 1991

Duty Free International, Inc.

Schedule of Conversion and Paying Agents

By Mail:

For Conversions Only:
The Chase Manhattan Bank, N.A.
Bond Conversion Department
Box 2020
1 New York Plaza-14th Floor
New York, New York 10081

For Redemptions Only:
The Chase Manhattan Bank, N.A.
Corporate Bond Redemptions
Box 2020
1 New York Plaza-14th Floor
New York, New York 10081

By Hand:

For Conversions Only:
The Chase Manhattan Bank, N.A.
Bond Conversion Department
1 New York Plaza-14th Floor
New York, New York 10081

For Redemptions Only:
The Chase Manhattan Bank, N.A.
Corporate Bond Redemptions
1 New York Plaza-14th Floor
New York, New York 10081

For Conversions and Redemptions:

The Chase Manhattan Bank, N.A.
London Branch
Woodgate House, Coleman Street
London, EC2P 2HD
England

Chase Manhattan Bank Luxembourg, S.A.
5 Rue Pictet
L-2338 Luxembourg-Grand
Luxembourg

Chase Manhattan Bank (Switzerland)
63 Rue du Rhone
CH-1204 Geneva
Switzerland

Banque Bruxelles
Avenue Marx, 24
1050 Brussels
Belgium

The Company has made standby arrangements with Shearson Lehman Brothers Inc. (the "Purchaser") pursuant to which the Purchaser has agreed, subject to certain conditions, to purchase from the Company such number of shares of Common Stock that would have been issuable upon conversion of the Debentures which either have been surrendered for redemption or have not been surrendered for redemption prior to 5:00 p.m., New York City time, on January 19, 1992.

SHEARSON LEHMAN BROTHERS INC.

BRITAIN IN BRIEF



Manchester plans £100m new runway

A £100m plan for a new runway at Manchester airport was announced yesterday. The airport's board said the 1,800m runway and a 2,000m taxiway will be built on the eastern side of the airport. The new runway will be built on the eastern side of the airport. The new runway will be built on the eastern side of the airport.

Ulster forum on the future

An independent commission has been established with a mandate to report on the future of the Ulster province. The commission will be chaired by Lord Gifford. The commission will be chaired by Lord Gifford. The commission will be chaired by Lord Gifford.

Scotland first with bank code

Bank of Scotland has become the first UK bank to publish a code of Banking Practice. The code will apply to all its customers. The code will apply to all its customers. The code will apply to all its customers.

Edinburgh bank payments out

The first payment to debentureholders of the collapse of the Edinburgh-based bank, the Edinburgh City Bank, has been made. The first payment to debentureholders of the collapse of the Edinburgh-based bank, the Edinburgh City Bank, has been made. The first payment to debentureholders of the collapse of the Edinburgh-based bank, the Edinburgh City Bank, has been made.

مكرامن الاحول

MANAGEMENT



MY OFFICE

Sir Christopher Hogg does his own filing, writes his own letters and keeps his own appointments in a month-at-a-glance pocket diary. He travels light. When he left his small office at Courtaulds in September for an even smaller one at Reuters, his only luggage was a foot of filing and three shelves of management books.

"The most useful thing in the office is the bin," he says pointing at a functional metal dustbin with a plastic bag lining. "I am ruthless about throwing things out."

Sir Christopher's office is tidy to the point of being unlivable. As part-time chairman, he spends only three days a week in the rambling Fleet Street building. The rest of his time is spent on the business of Courtaulds and Courtaulds Textiles, where he is non-executive chairman.

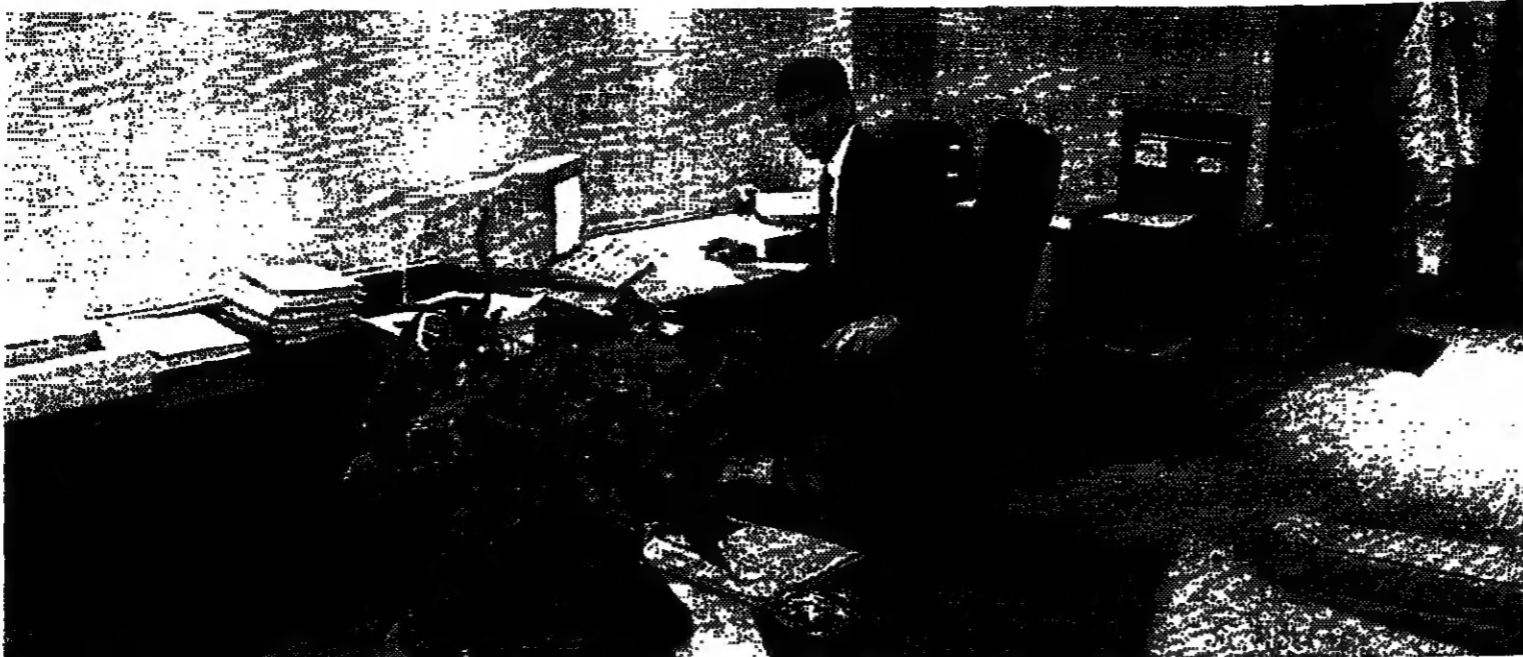
There is a slight sense of a man displaced, exaggerated by his insistence that the non-executive chairman must keep out of the way of men running the show. Indeed, before he installed himself at Reuters, he made a point of consulting each of the managing directors first.

"There are one or two things I could do to be useful here," he says with a modesty that sounds wrong on the lips of one of the most successful managers in Britain. Those things include being a pivot between the executive and the non-executive directors and acting as the eyes and ears of the company in the outside world.

"Hair-shirt Hogg" as he is sometimes known, has made no attempt to prettify his new office. A Welsh tapestry that was the sole decoration at Courtaulds, has not been trans-

The stamp of anonymity

Lucy Kellaway meets Sir Christopher Hogg in a room free of personal touches



Sir Christopher Hogg: "The most useful thing in the office is the bin. I am ruthless about throwing things out"

ferred. Instead he seems quite happy with a room scarcely more than 10 feet square, furnished in a combination of non-matching styles.

Heavy orange-tinted wood paneling and highly varnished oil paintings strike an odd note with the aluminium double glazing, the functional black coat rack and modern filing cabinet. Two over-stuffed blue silk armchairs squeezed around

a glass coffee table look as though they have never been sat on. Sir Christopher spends all his time at his desk, a modern affair with drawers, pushed up into a corner.

Sir Christopher will not be drawn into any criticism of his office. "I think it is very nice. It is much smaller than the executive directors, but I don't give a damn," he says. If he has any complaints, it is that

he doesn't really like being shut away in a smart directors' suite at all. "I like light and air, an open door, wandering around all the time, and always in shirt sleeves."

"This," he says gesturing to the office, "isn't typical Chris Hogg at all". Also untypical of him is the computer on his desk, which he has for the sole purpose of getting to know

Reuters products. "I am sceptical about people having terminals in their offices. My job is to take a global view on companies and their strategies, and for that I need my brains, a decent filing system, books, conversations with people, and above all the telephone."

"I spend a lot of time talking to people - to suppliers, customers, to others in the industry, to the Great

and Good. I want to see Reuters as the people who deal with it see it." Rather than sit in his own office, Sir Christopher would much rather go and see people in theirs. He reckons that not only are they more at ease, but that the office itself is revealing. "I look for size, functionality. I'm sensing formality versus informality: money spent versus value for money."

The main clue in Sir Christopher's office is his bookcase. This contains an impressive collection of management classics, all well thumbed. Half a dozen volumes of Harvard Business School text books, John Harvey-Jones, Tom Peters, Michael Porter, lots of books about Japan. "My all time favourite is Robert Townsend's 'Up the Organisation'. Then you have to have a couple of Drucker. You have to have 'Small is Beautiful'."

Another clue comes from his support staff. "I've never understood how anyone could have two secretaries - I've always shared one," he says. Her main job is to protect him from unnecessary interruptions and to make a letter for him once a fortnight. "By the time I've called her in, dictated the letter and she's typed it, it is quicker to do it myself."

As he works in three jobs, the most important things are his brief case, and more recently, his pager. The neat black brief case contains a series of papers in coloured plastic folders. "You have to be tidy. I'm much better now, but once a week I still say 'Bother, I've left that in the other place'."

His pager makes him even more enthusiastic. "I hate to give an ad for British Telecom, but this thing costs just £33 a quarter. You don't have to tell people where you are - you are released from all that hassle."

Morale is the main issue

By Paul Taylor

British companies must do more to restore and improve morale and employee satisfaction if they are to sustain a competitive edge, a study from International Survey Research suggests.

ISR, an international consulting organisation specialising in the design and implementation of employee attitude surveys, argues that employee satisfaction will be the competitive weapon of the 1990s and that company objectives like improving product quality and customer service "can only be achieved through the committed efforts of a motivated workforce."

The latest research shows that while British companies have begun to reverse a downward spiral in employee satisfaction which began in the late 1980s, they still have a long way to go.

ISR's data shows that between 1977 and 1987, significant progress was made in improving employee satisfaction levels in the UK. In particular, reactions to company management and to compensation improved markedly. However, in 1989 there was a steep decline in morale which continued in 1990 and showed no sign of abating in 1991. As a result, ISR's employee satisfaction measures sank back to their levels of the late 70s.

But this year, based on 140,000 employees surveyed in the UK, ISR said there was some evidence that this decline had halted as some managements bucked the recession to boost morale.

Employee attitudes towards communications and job security continued to decline - only 38 per cent said they were satisfied with internal communications compared with a peak of 44 per cent in 1987, and 61 per cent with job security compared with 75 per cent in 1987. Perceptions of working relationships showed a significant negative trend for the first time.

However reactions towards work organisation, company management, immediate boss, performance appraisal, career development and job satisfaction all stabilised.

The fatigue syndrome

John Griffiths on pressures in the Japanese motor industry

relatively loose ties to the rest of the business. "But there are too many now - and they simply won't put up with the old ways of just living to work," says Jones.

However, he warns that western producers should not expect Japanese car makers to become less competitive as a result. On the contrary, Japanese plants are moving on to a new stage of productivity improvements - by introducing even higher levels of automation to complement lean production techniques.

Lean production has been dependent on the efficient organisation of teams of multi-

skilled workers at all levels of the company, and on highly flexible machines to produce lower volumes of products in great variety.

The Massachusetts Institute of Technology coined the term "lean" production because the system uses less of everything: "half the human effort in the factory, half the manufacturing space, half the investment in tools, half the engineering hours to develop a new product in half the time".

This does not mean, says Jones, that the Japanese have any intention of reducing their own flexibility by introducing automation on a monolithic

scale - "they are perfectly well aware that 'blockbuster' automation is a roadblock, as some western companies have already found out. Instead, the Japanese are using automation to help people perform their jobs better."

He points to Fiat's Cassino plant, producing the Tipo and Tempra, as possibly the most automated in the world - but as not providing Fiat with its hoped-for counter to Japanese manufacturing competitiveness and flexibility. "You need to sort the organisation of your people out first," he insists.

Implicit in his remarks is that, once again, the industries

of the west will be reacting to another Japanese initiative in an attempt to stay in the car development and manufacturing race. Are they destined, in the end, to fail? Jones' highest hopes appear based on the German industry.

He acknowledges that Mercedes' initial reaction to the MIT book was "horror", particularly over a section describing an (unnamed) German luxury car maker as spending as much effort rectifying cars as Japanese spent building them.

Nevertheless, says Jones, "there is strength in the German industry. They might never take the lead but they could give the Japanese a run for their money. They could take a lot of cost out. The Germans have also got the salutary example of (high Japanese market penetration) the US to go by."



On the line at the Toyota plant in Nagoya

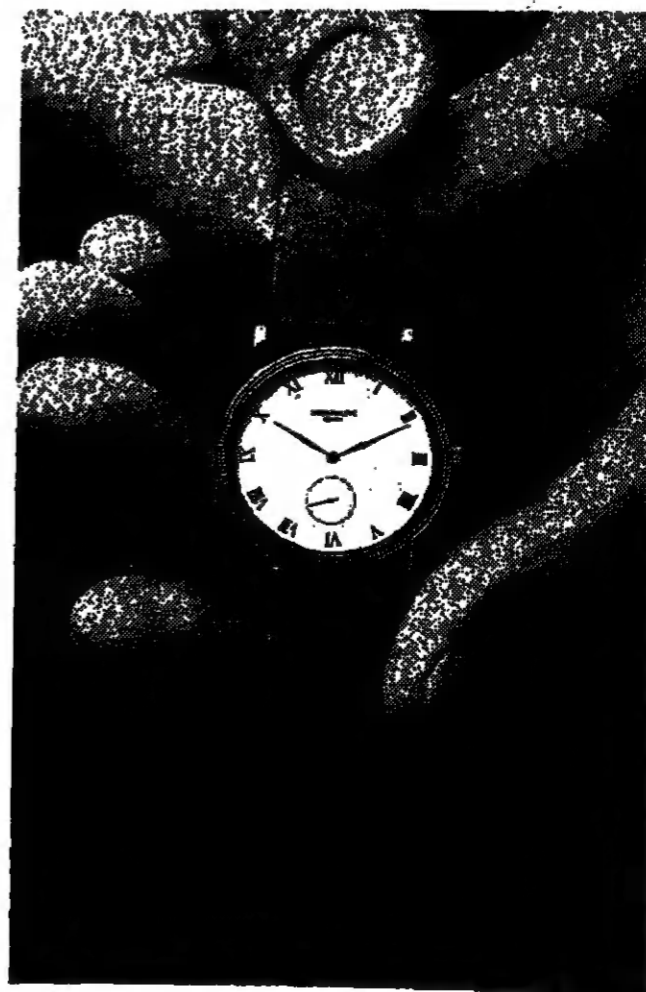
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TECHNOLOGY

The morning after the night before

Paul Abrahams offers advice for those trying to cope with seasonal over-indulgence

Collateral damage from the office party has been significant. Movement could be terminal. You swear - yet again - you'll never drink again. Anyway, what exactly did happen after the mistletoe incident?

It's that hangover time of the year. More than 40 per cent of all alcohol sold in the UK is shipped during the last quarter of the year - the season of goodwill and excessive alcohol. And surprise, surprise, 40 per cent of all hangover remedies are sold in the four weeks around Christmas.

Hangovers have been around as long as alcohol. So, too, have attempts to find a cure. The Egyptians reckoned cabbage was the answer while the Greeks consumed parsley. The Romans went for oysters' eyes and sheep lungs.

Prevention is, of course, better than cure. The best, though less popular method of prevention, is undoubtedly abstinence.

Lining the stomach before over-indulgence is also supposed to work. My great uncle Adolphus swore that a cup of olive oil more or less sealed the stomach lining from any subsequent alcohol intake. He lived

SHERRY AND MINCE PIE HANGOVER



to a reasonably old age. Milk or a light snack is supposed to have the same effect.

The problem is that it is far from clear what happens once these seasonal gin and tonics have bypassed the olive oil and hit the bloodstream. There has been surprisingly little academic research on the immediate effects of alcohol on the body, according to Dr Sandra Savage, medical controller

at Sterling Health.

What is known is that alcohol is a depressant - drink enough and it will depress the central nervous system enough to make you stop breathing.

Alcohol also irritates the stomach lining, causing inflammation and that unpleasant nausea that accompanies indulgence.

However, other ailments are not caused by alcohol. All

drinks contain toxins and other colourings - flavourings which may do much damage as the alcohol itself.

Drinks with the worst chemicals include red wine, brandy and whisky - hence their reputations for engendering the worst hangovers. The purest alcohols are vodka and gin.

Ironically, low-alcohol and non-alcoholic beers may also create hangovers, because of the chemicals other than alcohol that they contain, according to Savage. Clearly there is no justice in the world.

Those trying to minimise the risk by mixing water with their whisky may be doing more harm than good. Once diluted, alcohol is actually absorbed into the body more quickly, she explains.

Finally, body size is an important determinant in gauging the effect of alcohol. It may not be that you've consumed too much alcohol, just that your body's too small.

Given that it remains uncertain how drinking alcohol actually causes hangovers - only that it does - what, then, are the best methods of getting rid of them? Research in to the best cure for hangovers was recently conducted among 200 odd FT journalists - who bet

ter qualified? Remedies offered included:

● Drink as much water as you can with an analgesic.

● Drink tea or coffee sweetened with honey.

● Take tomato juice, raw egg and Worcestershire sauce followed by a cold shower.

● Eat a substantial 'try-up' - fried bread, eggs, sausages, black and white pudding and grilled tomatoes.

● Drink a Glaswegian hangover cure involving In Bru (a Scottish beverage) topped up with Tabasco, chili and pepper.

However, Savage says there is no evidence that sugar or carbohydrates help hangovers. Similarly, the benefits of vitamin B and C are unproven, at best anecdotal.

The other alternative is to take products such as Alka-Seltzer, Andrew's Answer, Eno or Measlin. Most of these contain aspirin (aspirin or paracetamol), an analgesic to settle the stomach and various other substances ranging from sodium bicarbonate to vitamin C and glucose.

Of course, the best way to avoid the whole business is to practice moderation. That way, you might just remember what happened under the mistletoe.

Video recording by numbers

IT is an anomaly of Christmas that all the best television programmes are screened when viewers are merrymaking. Hence the video recorder comes into its own - at least for those that are savvy and technically articulate enough to record the right programme.

For those that are not, the VideoPlus, which has been available in the US and Canada for several years, is on sale in the UK this month, through Video Technology Marketing, of London. It is a small, portable, hand-held unit, the size of a VCR, which can be programmed to operate with any particular VCR.

When the user wants to record a programme, he or she looks at the back of the unit in the newspaper or magazine, taps it with the unit and then presses one of three buttons to determine whether the programme is recorded once or on a daily or weekly basis.

Staff at Hamleys report that they needed over 430 'laptops' delivered in a matter of days with the machine.

There's a lot of talk among parents of younger children about buying toys with an educational value, points out Skinner.

Such interest in educational toys has extended electronics to even the tiniest of tots. As well as the talking dolly and teddy bear, this year has seen the electronic story book, intended for use as young as one year old, and retailing at £10.99. A strip of pictures down the right hand side of the page make appropriate sounds when pushed at the right section of the story. A simple dial could be switched by a young child, for example, to a roaring lion.

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WORTH WATCHING

by Della Bradshaw

acknowledges that it may play during work hours.

Garbage in, poetry out

IT'S more blessed to give than receive, they say. What better gift for the literary-minded than a quote retrieval system?

Apple Macintosh or IBM compatible personal computer. Intended to enrich the most dismal or dull article, the Quotemaster was developed in the UK by Pencom Development, of Houston, Texas. A UK version, with an improved supply of local quotations, is being sold by Guildsoft, of Plymouth.

To use the software the writer uses a single keyword or category - words such as riches, success and wealth might all be found under a "money" category, for example. Historical quotations made up of certain dates - in 1911, 1917, 1919, 1920, 1921, 1922, 1923, 1924, 1925, 1926, 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, 1935, 1936, 1937, 1938, 1939, 1940, 1941, 1942, 1943, 1944, 1945, 1946, 1947, 1948, 1949, 1950, 1951, 1952, 1953, 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961, 1962, 1963, 1964, 1965, 1966, 1967, 1968, 1969, 1970, 1971, 1972, 1973, 1974, 1975, 1976, 1977, 1978, 1979, 1980, 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988, 1989, 1990, 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 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Investor confidence stirs

By Vanessa Houlder

IPD monthly index
Total return index November 1990 = 100

Legend:
 IPD (solid line)
 Retail (dashed line)
 Office (solid line)
 Industrial (dotted line)

	Nov 1991	Oct 1991	Change
IPD	169.05	165.21	0.04
Retail	148.28	146.79	1.47
Office	165.95	166.32	-0.37
Industrial	228.07	226.06	2.01

X-axis: N, D, J, F, M, A, M, J, J, A, S, O, N (1991)

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Bundesbank bites back

THE BUNDESBANK is a political animal, however independent of the political process it is supposed to be. So it will be quietly content that German conditions justify actions that allow it both to reinforce its credibility and exact revenge on those who prematurely danced to the tune of the Bundesbank's reputation has taken a few knocks in recent years: over the terms of German unification, the inflationary nature of the monetary union, and now the proposed deal on European economic and monetary union. The Bundesbank wanted tough criteria and no rigid timetable for the EMU. It neither of these, only notice that its reputation is not required by 1999 at the latest.

Yet the Bundesbank retains, for the time being at least, the ability to dictate monetary policy, both in Germany and across Europe. By raising both its official interest rates by 0.5 percentage points yesterday, it has ensured that Europe's short-term future will be even bleaker than expected.

First and foremost, this was a domestic move by a national central bank. The Bundesbank's reputation, which remains that of a provider of stable German prices, has been made impossible this year by the monetary overhang following unification and the burgeoning fiscal deficit. Inflation is already expected to rise to 5 per cent early next year.

Unacceptably high

The Bundesbank felt obliged to show it was not tolerating inflation rates at these levels, particularly as German wage-bargainers have not managed to keep wages below the 5 per cent target. The Bundesbank's decision to raise rates is a psychologically important discount rate to its highest ever level, as well as the economically significant Lombard rate.

The Bundesbank's actions have much wider ramifications. Raising rates has already virtually eliminated the interest rate differential of many of the narrow band currencies within the EMS. Consequently, the Netherlands, Belgium and Denmark have

already mimicked the Bundesbank's action. French officials have also indicated that they are considering a similar move. But with the franc languishing at the bottom of its band, they are almost certain to follow.

Nor would an upward realignment of the D-Mark ease these pressures: the heightened risk that these countries would realign again could mean higher rather than lower interest rates. For some countries, a final pre-EMU realignment may prove necessary on competitive grounds, but only if they can prove it would be the last. Until then they must grin and bear it.

Little comfort

Higher interest rates are precisely what the ailing European economy (outside Germany) needs. The latest OECD outlook is relatively optimistic about Europe's prospects for next year, but it also predicts that Germany would deliver a gradual easing of "inflationary pressures". Indeed, the OECD hoped that "other European countries will probably have their inflation rates in line with Germany's by next year". Sadly the OECD seems not to be only half right. They will follow Germany, but up; and remain high for perhaps 18 months.

The luxury of wide ERM bands is a little less likely that the UK and Spain will have to raise rates too. Sterling weakened only slightly yesterday. But the British government will have taken little comfort from that. Slower growth in Europe will further delay Britain's economic recovery. If that is, there is any recovery to speak of. Yesterday's unemployment figures suggest things may even be getting worse once more.

More worryingly for Mr Major, higher interest rates virtually eliminate any chance of lower UK rates before the election; and substantially raise the chances of his having to raise rates between now and then. The official UK interest rate differential vis-à-vis Germany has now narrowed to less than 1 percentage point. With an election in the offing, sterling is bound to look an increasingly risky investment.

Keeping cool under fire

IS THE OECD unduly complacent? This will certainly be the charge brought against its latest Economic Outlook. With its projection of a recovery in 1992, particularly after the half a percentage point increase in German short-term interest rates yesterday. The charge would be unfair. The OECD is, in fact, cautious in its analysis and sensible in its recommendations.

While the OECD recognises the downside risks, particularly that of balance sheet deflation, it is right to discourage hysteria. 1991 was no comparison with 1931. The panic-stricken fine-tuning, continued attention to structural policy is required, with the highest priority being further liberalisation of trade.

This is not to downplay the disappointments since the publication of the last Economic Outlook in June. Back in June the secretariat projected OECD growth at 2.3 per cent in 1991, 2.5 per cent in 1992, and 2.7 per cent in 1993. Two halves of 1991 were expected to be 1 per cent. Similarly, 1992 growth was projected at 2.5 per cent, and 1993 at 2.7 per cent.

This only goes to prove that forecasters do not understand why economies change course and cannot project how quickly they will do so. Nobody should be the bank (least of all bankers, who have enough already) on the strength of the recovery.

Conditions created

David Henderson, the OECD's director of the department, would be the last person to do so. What he does stress, however, is the OECD's view that monetary policies "in line with OECD countries have created the conditions for a kind of recovery that is deeper". Given the unpredictable lags involved, he has a good chance of being right, especially in the US.

Nevertheless, as Mr Henderson remarks: "in many countries the risks to growth appear to be on the downside". It is the OECD's personal and sometimes corporate (particularly banking) balance sheets that is the main

source of concern. Though this is far from a universal problem, it is of great importance for the US, Japan and the UK. If slow growth were to continue, the right response would be further monetary easing. In Europe such a policy is, unfortunately, blocked by the consequences of German unification (as discussed above). Fortunately, the flexibility allowed by floating exchange rates allows both the US and Japan to pursue policies appropriate to their circumstances, which, in both cases, argue for some further relaxation.

Pump-priming

What is needed is a global attempt at global fiscal and monetary pump-priming. Past failures to control inflation cast long shadows. Thus the balance sheet deflation of today is, in part, a long delayed consequence of the inflation of the late 1960s and 1970s. Too many people seem to believe that inflation would be brought under control by inflation. As a result, they borrowed and freely ignored the high real rate of interest in place throughout the 1980s. Now they are realising their mistake. But if the inflationary psychology is in peril, the lesson has to be learned, and a developing monetary policy is needed.

Economies cannot, in any case, be managed to achieve given rates of real growth. While monetary policy should be fairly flexible, countries must also persist with the medium term path of fiscal consolidation and structural reform.

If the OECD countries are determined to do something to underpin global growth in the 1990s and beyond they must, first of all, conclude the Uruguay Round of multilateral negotiations. But they should go further than that. They should be ashamed that countries like Mexico, Chile, and Czechoslovakia show greater understanding of liberal trade than themselves. Panic about the slow recovery must be avoided. What is needed, instead, is determination to strengthen the global market framework, without which any recovery is ultimately doomed.

Revitalising General Motors like teaching an elephant to tap dance. You find the sensitive spots and start poking." Thus Mr H. Ross Perot, the Texas billionaire, summed up the horribly complex and frustrating task of turning around the world's largest industrial company as he ended a short and stormy spell on the GM board in 1990.

Five years and numerous restructuring efforts later, Mr Robert Stempel, GM's chairman, this week delivered one of the most powerful and painful prods into the thick hide of the lumbering pachyderm.

Mr Stempel, who took over as GM chairman only 16 months ago, announced that the company is to close 21 mostly unidentified plants in the US and Canada over the next four years. Its workforce of 70,000 is about 10 per cent; rein in capital spending; and sell off peripheral assets - all in an attempt to return the North American vehicle operations to profit.

Drastic action is certainly needed. GM's North American automobile business is estimated by Wall Street to be losing \$500m every single month and heading for losses of \$60m to \$80m in 1991. That will more than wipe out the profits from the group's healthy European vehicle operations and its huge non-automotive subsidiaries - Hughes Aircraft, the aerospace business, EDS, the data services company, and GMAC, its finance arm. GM as a whole is expected to lose more than \$2.5bn this year.

Mr Stempel's surgery should indeed ensure a profitable return to profitability for North America, probably in 1992. But as GM's US operations are provided by the United Auto Workers union in co-operation. What is in the air is whether GM is capable of halting, or indeed reversing, its long-term decline which has afflicted it for the past decade. The US of Japan's automotive might is, in short, a Dumbo or a dinosaur?

Certainly, the recent years have been a disaster for GM. The company has embraced the idea of "lean" quality-driven manufacturing which has made its Japanese rivals so successful. The shake-ups of the past few years have greatly improved the reliability of its vehicles.

Product quality is also improving. This autumn, for the first time in many years, GM has a hit on its hands in the US: the Cadillac Seville, a luxury car with which GM has made its Japanese rivals so successful. The shake-ups of the past few years have greatly improved the reliability of its vehicles.

The difficulties facing the group, and its increasingly urgent efforts to address them, are in many respects the problems of US big business writ large: what is bad for General Motors is bad for America.

For after decades of post-war complacency, secure in the single market in the west, many big US companies have been slow to recognise the challenges posed by the emerging global market place, as the United States number one rivals. Even when they finally started to, in the 1980s, their bureaucracies moved too slowly to address the problems, and the sheer size of their profits offered a temporary shield from reality.

Now, however, some of the most successful names in US business - including International Business Machines, Citicorp, the biggest bank, and American Express - are having to slim down and become more responsive to the market place, and do so in the middle of what may prove the longest recession since the second world war.

This process is likely to impose some immense strains on corporate cultures. For over the past few years many US companies - GM included - have begun embracing variants on the management techniques pioneered with immense success in Japan after 1945 by Mr W Edwards

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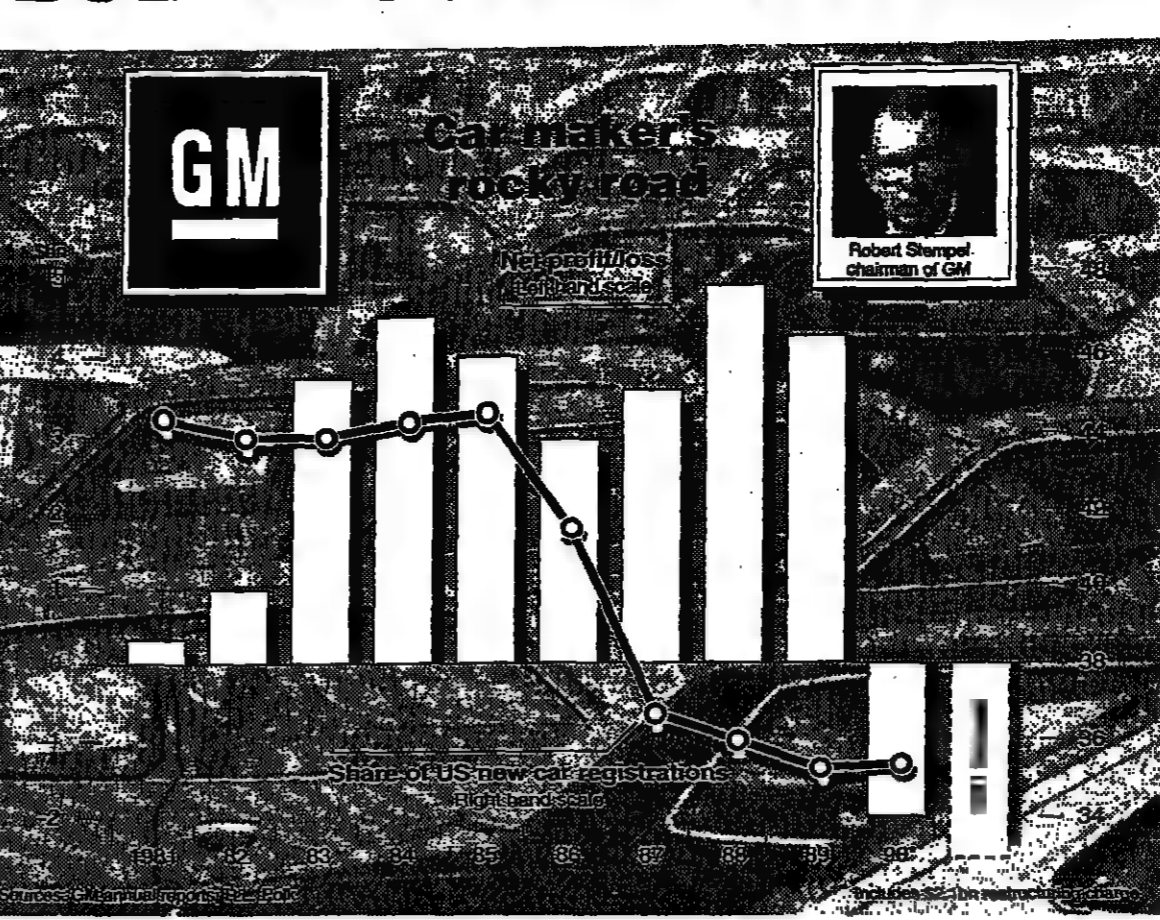
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Martin Dickson examines the drastic action taken by General Motors to return its North American vehicle operations to profit



Denying the nonagenarian American consultant who was for years a prophet without honour in his own land. These techniques stress co-operation between management and workers in a "lean" approach to improve quality.

One of Mr Deming's basic principles is to "drive out fear" from an organisation. But as GM showed this week, it is impossible to do that when a company is threatening 70,000 job losses, even though it says it wants to achieve them through natural wastage and early retirement. There now promises to be an internecine war, pitting plant against plant, to determine which are the 21 to close.

GM's problems are also those of the US automobile industry writ large. Its Detroit rivals, Ford and Chrysler, are losing money too as the sector struggles with the sharp downturn in demand for vehicles brought on by recession. US sales of cars and light trucks totalled only 11.37m in the first 11 months of this year, down 12 per cent from the already depressed 12.9m units of 1990.

This downturn, lasting far longer than Detroit expected, has greatly exacerbated an already serious imbalance between the industry's productive capacity and the demand for vehicles. And the inevitable result has been a slashing of car prices to uncompetitive levels as manufacturers desperately try to maintain market share and factory utilisation.

The main reason for the demand/capacity imbalance is the remarkable success of the Japanese car companies which have attacked the US mar-

ket with unrelenting vigour over the past decade, first through imports but increasingly through local factories, known as "transplants". Younger Americans especially have been attracted by their extremely reliable and attractively designed cars and the Japanese now account for some 30 per cent of the US car market. The figure would be substantially higher if Detroit's loss-leading sales to rental fleets were stripped out.

GM has been much slower to react

to these changes than either Ford or Chrysler, which both faced financial crises in the early 1980s that forced them to pare their costs to the bone and psychologically prepared them for further rounds of cuts when the current recession loomed.

GM lost far more market share than the other companies to the Japanese, with its share of US car sales plunging from 47 per cent a decade ago to about 35 per cent now, where it appears to have stabilised. But for years it refused to concede that those customers were lost for good, constantly talking of bouncing back to a

40 per cent share.

So although GM has had several rounds of factory closings over the past five years, these have been nowhere near enough to bring its capacity in line with demand for its vehicles. Wall Street analysts reckon GM's plants are running at some 80 per cent of capacity, compared to some 85 per cent for Ford - and that spells dreadful red ink.

The central message of this week's announcement is that GM has finally come to terms with the reality of its diminished place in the world. Mr Stempel says GM expects to use 100 per cent of its North American facilities in 1993 and aims to operate profitably with a market share in the low to middle 30 per cent range.

Whether the auto workers union recognises this reality is another matter. Its initial reaction to the cuts was predictably hostile. But this may be tempered by GM's claims that it will avoid redundancies and stand by the company's remarkable current labour pact. This agreement, which will not expire until late in 1993, means GM has to give its workers virtually full pay, even when they are temporarily laid off. In other words, the company is trying to buy the acquiescence of the workforce as it shrinks it.

Mr Stempel, who wants to re-negotiate parts of the labour pact to get greater workplace flexibility, will need to proceed extremely gingerly. But he stands a much better chance of success than his predecessor, Mr Roger Smith, a small, authoritarian man who was often bled and feared when he visited factories.

There are several reasons.

The negative variety include the effects of City cost-cutting and the recession in general, the anti-smoking lobby, and a thin tourist season which normally contributes a fat chunk of the year's business.

The positive reason is the resale value of the lease on the site, for rent apparently still at \$100 a month. "It has 80 years left," says the company's septuagenarian chief John Croley who, while hoping to keep it trading where it is, has a Churchillian abhorrence of surrender even if survival means moving elsewhere.

After buying that first 34 box, Sir Winston made Robert Lewis his exclusive supplier until, having changed to Romeo y Julieta, he placed his last order on December 23 1994 - a month before his death. As it happens, his mother had been a customer before him, though she favoured the firm's hand-made gold-tipped Alexandra Balkan cigarettes.

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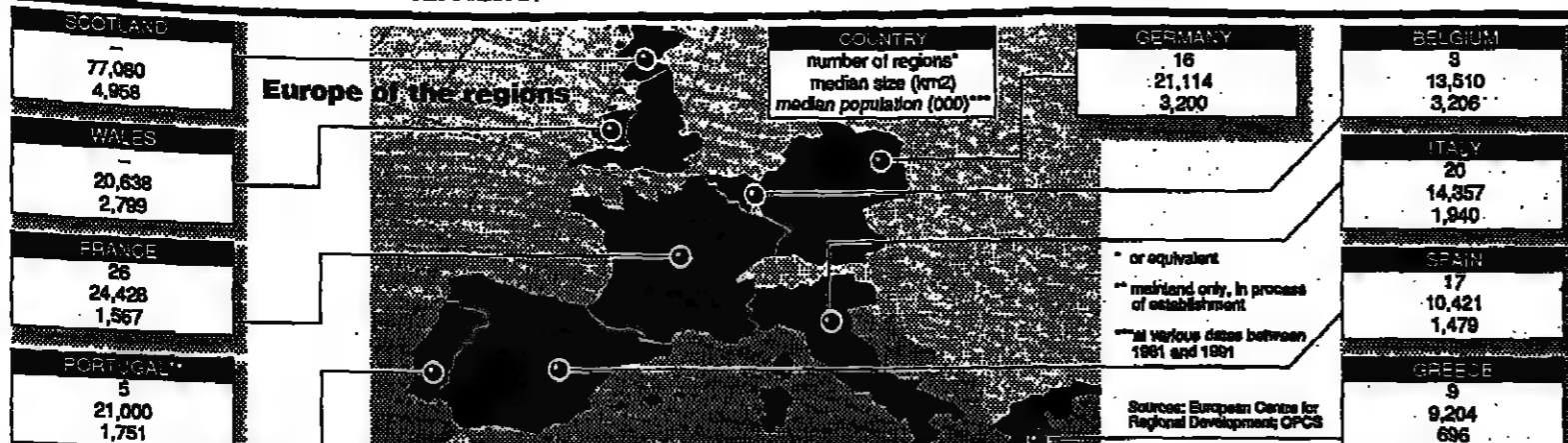
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Staging post on the path to federalism

Regional policy in the EC is here to stay, writes Andrew Adonis, despite the government's qualms

It is not just a single currency and Social Chapter that Mr John Major finds himself isolated in Europe. The prime minister's hostility to the creation of a regional tier of government - even in Scotland - leaves Britain in another minority of one among the Community's larger states. It also leaves the Conservatives as lone defenders of the status quo at home. Labour is committed to Scottish home rule and regional assemblies for England and Wales, while the Liberal Democrats are proposing a virtually federal future for the UK.

It is not just regional government that faces Tory backlashes. The AER's regional policy is here to stay, at the Maastricht summit Mr Major signed the protocol on "economic and social cohesion", which pledges the Community to spend more on "reducing the disparities between the levels of development of the various regions". The structural funds, to help investment or declining areas, have doubled - to Ecu 14bn (£10bn) - in the past three years. Their funding is to be increased further, and a new "cohesion fund" is planned for 1994.

Britain's self-styled regions are already energetic suppliers of funds. The Welsh Development Agency, about to set up a regional office in Brussels, and Scottish councils will follow suit.

Britain has only become the odd man out in the past two decades. When the Community was founded in 1957, only one of its member states had institutionalised regions: by 1987, most of the 12 did. Indeed, regions came together in 1985 in their own pan-European body. The Assembly of European Regions (AER) has long pressed for a formal Community role, and got it at Maastricht (Britain assenting in the form of an advisory Committee of the Regions. Within the

Community, "Europe of the Regions" is slogan mouthed as much as "1992" nowadays.

Not content with its gains, the AER's regional policy is here to stay, at the Maastricht summit Mr Major signed the protocol on "economic and social cohesion", which pledges the Community to spend more on "reducing the disparities between the levels of development of the various regions". The structural funds, to help investment or declining areas, have doubled - to Ecu 14bn (£10bn) - in the past three years. Their funding is to be increased further, and a new "cohesion fund" is planned for 1994.

laboured hard to define "regionalism", and to relate it to theories of the state and of the allocation of functions and inter-governmental relations within it. In essence, however, regionalism means anything other than glorified local government. It is a staging post to federalism, a state in which sovereignty is shared between governmental tiers.

There is, however, no single regional model going. There is no such thing as a standard intermediate region in Europe, just a set of contrasting regional systems," says Mr Michael Hebert, a regional expert at the London School of Economics.

The move towards regions, and their form, has had as much to do with the culture and political evolution of particular countries as with theory. Perceptions of cultural autonomy on the one hand, and reactions to authoritarian rule on the other, have been the strongest influences.

The German case needs little

explanation - a number of Länder (states) were, in 1949, artificial creations. The two influences combined also lay behind the commitment to regions in Italy (a state only since 1860) and Spain (five languages, no central cities, no central cities until the mid-18th century, and two civil wars since).

In Belgium, the bitter cultural divide between Flanders and Wallonia precipitated repeated political crises in the 1980s, and the introduction of regions in 1971 recognised demands for devolution long formulated by the two linguistic communities. Even in France, the creation of elected regions by Mitterrand's socialists in 1982 was a response to their 23 years in the political wilderness.

For the most part, defining regions geographically has not been a problem. Kingdoms, cities, principalities, islands, linguistic communities have formed most of the boundaries. In France, regions are amalgamations of départements.

Accordingly, regions come in all sizes. The typical European region is about the size of four English county councils. Yet Germany's Saarland, Italy's Umbria and Spain's Cantabria have smaller populations than Kent and Lancashire, while two German Länder have larger populations than Belgium - and without the likes of Bavaria (11m residents) and North Rhine-Westphalia (12m) the Länder would wield far less political power.

Europe's regions differ in functions almost as much as in size. Constitutionally, the 16 German Länder have the greatest autonomy, with each Land enjoying its own legal system, a share in national law-making, control over most of the country's civil service, and sole or shared powers over education, health, criminal law, local government, economic development, housing, roads and the environment.

Belgium's regions now enjoy legal powers almost as wide, while, at the other extreme, French regions are largely confined to regional economic development, cultural promotion and the submission of plans and opinions for Paris to approve. Spain is in that each of its 17 "autonomous communities" has its own "statute of autonomy", specifying devolved powers with Andalusia, Catalonia, Basque country and Galicia - regions with a strong sense of autonomy - first in the queue.

Nonetheless, concentration on regions' legal powers can be misleading. In the first place, regional tax-raising powers are, without exception, constrained. Even the west German Länder enjoy only a small proportion of their income, and are dependent upon assigned revenues or grants for the rest.

Conversely, regions wield much of their influence on a co-operative or informal basis. Italian regions, for example, are represented on national parliamentary committees, and their presidents meet the Rome

government regularly. In Germany, Mr Helmut Kohl is a former Land prime minister; his Social Democrat opposite number, Mr Björn Engholm, is prime minister of Schleswig-Holstein. Imagine Mr Kinnoch president of Wales; or Mrs Thatcher mayor of London.

What are the more likely implications for Britain? The European experience is most applicable to Scotland, where elections and opinion surveys show greater Scottish alienation from Westminster than any time this century. Moreover, the practicalities of devolution from London to a Scottish parliament get simpler by the year, as ever more powers are devolved to the Scottish Secretary.

Wales is similarly placed, though with less devolution and alienation. England, however, is highly problematic.

Much of England does not belong to "self-regarding" regions - though the likes of Cumbria and Cornwall could be made regions if local sentiment is strong enough. Equally important is the absence of any equivalent of the French prefectural system imposing a settled regional pattern of administration.

Each UK government department and quango has its own regional boundaries for its activities, and they rarely match. Periodically since the war attempts have been made to align regional boundaries with the government's "standard regions" - but with little success, according to Professor Brian Hogwood of Strathclyde University.

The first step to regional government in England would, therefore, have to be the aligning of existing boundaries. Beyond that, rolling devolution, with Scotland and possibly Wales leading the way, appears the only practical option. It looks Spanish in style, but it voters ever decide that Westminster and Whitehall do not always know best, it may be the only way.

Joe Rogaly Pipe and Gannex



Suddenly Mr John Major is seen to be vulnerable, a prime minister who could lose his overall majority at the first general election he fights. No wonder his chancellor has resorted to uncharacteristic gimmickry, as with yesterday's deal with the building societies.

Consider the result, and weep. A year after taking office, Mrs Margaret Thatcher's chosen heir is intervening, leaning on private lenders, subsidising borrowers, saving individuals from the consequences of their own folly - in sum, bucking the market. This is being done to mitigate the pain caused to mortgage holders by the fall-out from Mr Nigel Lawson's policy of 1986. Along with the billions spent on clearing the poll tax, it constitutes a further effort to clear the election-lost legacy of the Thatcher years. Mr Major has applied the first rule of political survival. When you approach a water-fall, you paddle your canoe in the opposite direction, with considerable vigour.

Thus has the hero of Maastricht become the Harold Wilson of mortgage-land. The prime minister who authorised payments to bankers over loans to small businesses, and the extinction of pit-bull terriers has once again rummaged around the callous of Downing Street and dug out the old pipe and the moth-eaten Gannex.

He has endured a breathless week. The final lap of the chase began on December 13, the day after Mr Major had proudly presented his report on the successful conclusion to the negotiations on European unity. Answering the leader of the Liberal Democrats, Mr Paddy Ashdown, the prime minister said that "the government are looking urgently with mortgage lenders at what further measures might be taken to protect those faced with repossession."

This was news to most of Whitehall. There were indeed ongoing talks with building societies and banks about the level of repossessions, and a

meeting was scheduled for this week. But the deal between them was moving at a measured pace, as these things do. The urgency was introduced by Mr Major. The message went out, a ghostly echo of another past leader's voice: Something Must Be Done.

In consequence we have yesterday's package. The building societies have been encouraged to get aside £750m, so far, to help finance the sale to housing associations of homes they might otherwise auction off. Some mortgages will be transferred directly into rents; the erstwhile mortgagors becoming reluctant landlords. Some deals will be composed of part-rent, part-mortgage payments. Taxpayers will pick up the tab, in the form of a larger number of housing benefit payments to tenants who were formerly owners; not of

number had fallen to 16,900. In November it was up again, to an additional 39,900 on the dole.

This disquieting news is as nothing to yesterday's decision by the Bundesbank to raise its emergency lending rate by half a point. If the British government is lucky the next move will be realignment of exchange rates, effectively devaluing the pound. If it is unlucky something will trigger a nervous reaction in the markets. If that coincides with a growing premonition of defeat for the Conservatives, the government could quite quickly find itself in a sterling crisis.

We might therefore be facing a Conservative winter of discontent. That would have the same effect on the government as did Labour's equivalent in 1979. Yet it would be imprudent to forecast the impending arrival of a Labour administration. As my colleague Samuel Brittan pointed out yesterday, economic forecasts are notoriously difficult to get right. Political forecasts are even more unreliable.

All that can safely be done is to indicate the present balance of advantage. This is plain. As we have seen, Mr Major's glass is half-empty. Mr Neil Kinnock's is half-full. Mr Kinnock has the greater reason for Christmas cheer. Labour has been absent of the Conservatives in 24 of the past 31 months, according to the weighted average of all polls calculated by the computer outside my door. Of the Conservative months, five can be explained by the December to April honeymoon, which started with Mrs Thatcher's "downfall" and ended with the conclusion of the Gulf war.

The Labour leader, who performed well in the Commons on Thursday, may be getting lucky. When it comes to public appearances, he is fortunate in his shadow chancellor, although not in his shadow foreign secretary. With Mr Major it is the other way round. Again, the prime minister's bouts of recovery on the tail of this or that foreign spectacular are invariably followed by a return to Labour leads as domestic politics re-emerges. Watch out for the gimmicks of desperation; they will be announced in the Budget, in March.

LETTERS

A funding problem

From Mr John Dick.
Sir, In the context of the current debate over the security of pension fund assets, it is paradoxical that the government should recently have introduced legislation which would result in a reduction of the pension security of some employees.

When in 1988 an earnings "cap" was brought in limiting the pension benefits to be taken by employees joining tax-approved pension schemes, employers were permitted to provide "top-up" schemes for affected employees.

However, the tax rules for "top-up" schemes are so draconian as to make their funding prohibitively expensive. As a result, security for a pension is unlikely in practice to take the form of a segregated fund of assets any will generally be of nothing more than the employer's promise to pay it when the time comes. The employee is completely dependent therefore on the continued financial health of the employer.

An increasing number of employees have been affected by "top-up" schemes, and a change in the law is badly needed to protect their funding.

John Dick,
Temple Church, London EC4

Housing rescue needs depositor safeguard

From Mr Victor Levy.
Sir, Let me quite correctly point out "Building societies", December 19) the risks involved in implementing a hasty rescue package for home owners. Politically motivated solutions seek to overlook and override the real facts underlying today's housing crisis.

If the government is forcing lenders to provide cheap finance to avert the problem, short-term, the government should also consider the

depositors now by providing a proper and full guarantee for funds invested. After all, it is the depositors whose funds are really placed in jeopardy. Without that, there could undoubtedly be a flight to quality out of the building societies and, of course, the last one to leave the party will pay the price - the British public and not the government.

Victor Levy,
Arthur Anderson & Co,
1 Surrey Street, London WC2

Last chance for the Uruguay Round

From Mr Joseph D Connor.
Sir, The Uruguay Round of trade negotiations is entering a critical final phase in Geneva tomorrow. Governments will have until mid-January to make up their minds whether to sign the agreement made over five years in the winds or harnesses for the well-being of the world's economy and its people. The last chance is now.

In July, I led a delegation of the International Chamber of Commerce to see John Major, Britain's prime minister and the chairman of the G7 economic summit in London. Our message to the summit on behalf of more than 1,000 companies and business organisations throughout the world was that the Uruguay Round must take top priority on the international economic agenda.

Success is vital not only for the industrial democracies, but particularly for the developing countries of the South, which are striving courageously to liberalise their economies and expand their trade. At this major watershed in history, it would be the utmost folly to allow the Uruguay Round to collapse, thereby unleashing the short-sighted forces of protectionism.

Much of the world is presently mired in stubborn economic recession. Governments - and especially those of the G7 - should be under no illusion when their representatives meet in Geneva tomorrow. collapse of the Uruguay Round would be a body blow to business confidence, and hence to investment, jobs and living standards in the 1990s.

Heads of government must demonstrate to the world's business community that they have the political courage to make hard compromises which will bring the Uruguay Round to a successful conclusion.

Joseph E Connor,
president,
International Chamber of Commerce,
38 Cours Albert 1er,
Paris

Mean reward for increasing student opportunities

From Mr Victor Seddon.
Sir, Andrew Adonis quite rightly points in the *FT* of the pay rise about to be considered by lecturers in the Polytechnics and Colleges Funding Council Sector ("Polytec" lecturers) to agree a 5 per cent salary increase, December 13). It is a reward for who have delivered the largest increase in student opportunities in post-school education. He omits to mention, however, some of the factors attaching to these difficult negotiations and the choices open to unions.

Kenneth Clarke has no official role in collective bargaining for lecturers. He has, however, withheld £12m from the institutions in a bid to get our employers to include in the pay offer a "flexibility" element for distribution entirely at the discretion of local managements and to re-open the

agreement on staff appraisal and development last year. This was clearly aimed to create maximum disruption in the sector and to jeopardise national bargaining for all time.

Local negotiations are in train on the implementation of staff appraisal within the national framework agreed last year in the course of a major renegotiation of lecturers' conditions. NATFHE (the national teachers' union) is not aware of any problems due to lack of flexibility in the institutions - the only problem is lack of recompense for achievements. What better proof of flexibility could there be than NATFHE's increases in student numbers and lecturers' unstinting work in deal with the enormous pressures that such increases in student numbers present?

The national NATFHE body

representing higher education lecturers was quite clear on the strategy its negotiators should pursue. They wanted a pay only deal without discretionary elements and one that covered all groups of staff. The negotiators sought an offer that was fair in terms of pay comparators and reflected the contribution of student opportunity. The employers, however, refused to budge beyond 5 per cent, but they did drop both their bid to exclude certain groups of academics from any negotiations and their attempt to negotiate on the staff appraisal agreement. NATFHE is therefore putting this offer to its members as the best that can be achieved without strings and by negotiation.

Victor Seddon
NATFHE
27 Britannia Street
London WC1X 9JP

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INTERNATIONAL COMPANIES AND FINANCE

Setback for S-E Banken Skandia stake plan

By Robert Taylor in Stockholm

SWEDEN'S central bank advised yesterday that it had signed an agreement in principle to acquire a 4.9 per cent stake in Skandia, the country's leading insurance company.

The bank said S-E Banken - the largest commercial bank in the country - had failed to make such a purchase. It lacked a plan how its involvement in Skandia would be integrated into its other business activities.

Under legislation, Swedish banks are allowed to acquire shares in insurance companies, but only under specified conditions.

The central bank's decision is a setback for S-E Banken, which acquired a 22.2 per cent stake in Skandia in October last year and decided only last month to sell all but 10 per cent of its option to the Skandia group, the Norwegian insurance group, and Hafnia Holding, the Danish insurance company.

The central bank asked for its opinion on SEB's share option purchase by the country's bank inspection board.

PPG Industries joins Asahi in China venture

PPG Industries, the biggest US glass and fibre producer, has joined an alliance with Japan's Asahi Glass to develop a flat glass plant in China, writes Karen Zagor in New York.

Tokyo-based Asahi will acquire a 50 per cent stake in a PPG subsidiary, Pennsylvania, which in turn holds a 50 per cent stake in China's Guangdong Float Glass.

US-based PPG said Asahi will help manage and operate Pennsylvania and GFG and will contribute its technology and marketing strengths.

USAir signs agreement to manage Trump Shuttle

By Nikki Teit in New York

USAIR, the sixth largest US carrier, said yesterday it had signed an agreement in principle to manage the Trump Shuttle, the east coast airline operation which Mr Donald Trump acquired two years ago.

The agreement was signed with the Trump Organisation, holding company for the heavily-indebted businessman, and a group of banks which lent money to help fund his \$365m purchase of the service, which flies between Washington, New York and Boston. USAir's announcement came only minutes after American Airlines, one of the three biggest US carriers, said it had ended similar discussions.

USAir, which is making heavy losses, said although details of the management agreement were still being worked out, it would include an option to purchase the shuttle after five years.

The Trump Shuttle was bought by the New York-based property developer from Eastern Airlines in 1988, with Citibank providing \$300m in loans for the deal. Since then, there has been acute financial pressure on the Trump Organisation, and the Shuttle's future has been uncertain for well over a year. Attempts to sell the operation at anything like the 1989 price proved abortive. Earlier this year, the banks

planned to repossess the Shuttle as part of a general reorganisation of Mr Trump's personal debts, and pass operational management to Northwest Airlines. However, the deal fell apart in September. American subsequently disclosed that it was considering a replacement management deal, as did other parties, including USAir.

The rival shuttle operation, formerly owned by Pan Am, has already been sold to Delta Air Lines. Separately, Delta disclosed that it planned to take a \$50m write-off in its second financial quarter to cover expenses related to its role in Pan Am's failed reorganisation efforts.

Canal Plus beats downturn

By Alice Rawsthorn

CANAL PLUS, the French pay-TV channel which recently abandoned plans for a merger with the Havas media group, has lightened the gloom in France's depressed television industry. The company yesterday forecast higher-than-expected profits of FF1.05bn (\$150m) for 1991, compared with FF1.01bn for 1990.

Mr André Rousselet, president, quelled speculation that his channel would merge with La Cinq, the troubled French TV

channel fighting for survival. La Cinq's staff yesterday staged a 24-hour strike over a radical restructuring package - involving job losses among a permanent staff of 537 - announced this week.

Canal Plus had been seen as a possible "white knight" for La Cinq, which on Tuesday admitted it was heading for losses of FF1.12bn this year. Hachette, the heavily-indebted media group that runs La Cinq, has been desperately

searching for new investors. Hachette has held talks with Canal Plus.

Mr Rousselet, however, yesterday ruled out any potential involvement by Canal Plus with La Cinq.

La Cinq has, like other French TV stations, been hit by the downturn in the advertising market. However, Canal Plus, which is a pay-TV station, derives most of its revenue from subscriptions, has remained resilient.

AMD lifts sales of clone Intel chip

By Louise Kehoe in San Francisco

ADVANCED Micro Devices is rapidly expanding sales of its "clone" of Intel's top-selling microprocessor chips, challenging the latter's dominance of the market for personal computer "brain" chips, and boosting projected revenues for the current quarter.

AMD's stock price rose yesterday, when the semiconductor manufacturer announced it expects to have sold 2m of the microprocessor chips by the end of the year, just nine months after its introduction.

AMD shares gained 1 1/2% to trade at \$16 1/2 yesterday morning. Intel declined almost 5 per cent to \$42 1/2, down from

Wednesday's close of \$44 1/2.

"Unexpectedly strong demand for the Am386DX products, coupled with continued strong demand for Am386SX devices, should result in total revenues from Am386 family products increasing in the current quarter to over \$120m, more than double last quarter's \$59m," said Mr W. J. Sanders, AMD chairman and chief executive.

"Total corporate sales will substantially exceed AMD's previous quarterly record of \$325m, producing operating results well in excess of securities analysts' current expectations," Mr Sanders said.

Intel, however, is expanding

sales of its next generation 486 microprocessor and is expected to launch a more powerful 586 version next year to maintain its lead over competitors.

Intel and AMD, Silicon Valley rivals, have been locked in a bitter dispute for more than four years over AMD's claimed rights to manufacture Intel-designed microprocessors. An arbitrator appointed by the companies to resolve the dispute is expected to issue his final ruling within the next three weeks.

The outcome of the case could have a significant impact upon the growing competition in the personal computer microprocessor market.

E German motorcycle maker to be restructured

By Leslie Collie in Berlin

MOTORRADWERKE (MZ), the German motorcycle producer, is to be placed in voluntary liquidation and restructured, the Trehand privatisation agency said.

MZ's market in eastern Europe collapsed after the Deutsche Mark was introduced to east Germany last year. Of the 70,000 MZ motorcycles which were to have been sold this year, only 15,000 found buyers.

Despite liquidity guarantees by the agency of more than DM70m (\$44.5m), the company suffered losses of DM50m in 1990-91 on turnover of DM102m. Fifty companies around the world were approached but showed no interest in a takeover.

The company, employing 1,200 people, is to be restructured by a west German lawyer who served as a successful liquidator in the restructuring of a large west German company.

East Germany's largest paper plant at Schwedt on the Oder river, is to be sold by the Trehand to a consortium which includes the East German Investment Trust of Edinburgh.

MAN expects to maintain DM12 dividend

MAN, the Munich-based engineering group, yesterday said it was likely to hold its dividend at DM12 per share in the current year, writes David Waller in Frankfurt.

This was further demonstration of the group's confidence in the face of a steep fall in profits growth after four successive years in which earnings have grown at 30 per cent a year.

Following remarks last month that the growth in profits in the year to June would be in single figures, Mr Klaus Götze, chief executive, reiterated that for the current year they would be at least as high as the DM466m (\$256.9m) made in 1990-91.

Von Roll cool on 22.8% investment by Proventus

By Ian Rodger in Zurich

THE REVELATION this week by Proventus, the Swedish investment group, that it had accumulated a 22.8 per cent stake in the Swiss steel and engineering group, Von Roll, did not come as a complete surprise in Swiss financial circles.

Swiss stock market analysts said it had been evident for some months that someone was accumulating Von Roll shares, and this was not the first time the shares had been in play.

However, as the minimal impact on the depressed share price shows, no one expects the stake to have much effect on the company for some time. And with reason.

For one thing, Von Roll's bylaws stipulate that no individual shareholder can exercise more than 3 per cent of the votes, and the company has made clear that it will not allow Proven-

tus to exceed that figure. Von Roll's reaction to the investment has been cool. "It is not a bad thing. It proves that some analysts are interested in Von Roll," the company said yesterday.

Proventus had made contact with Von Roll "a few weeks ago", but had not yet asked for a seat on the board, it added.

The Swiss company's prospects do not look particularly bright in the near-term. It is probably best known at the moment as one of the companies that was accused by the Swiss authorities in March of exporting military components to Iraq, thought to be for use in the infamous "super gun".

It is a traditional metals group with a lot of mature products. Nearly 30 per cent of its sales come from steel-making, another 16 per cent from castings and pipes, and the remainder from other mechanical and engineering

businesses. Most of these businesses are suffering in the recession. Attempts to expand into higher value added products in recent years have not been too successful.

Pre-tax profits have tumbled from Sfr105m in 1988, to Sfr10m (\$54.6m) last year and are generally expected to be much lower in the current year. Sales were down 11 per cent in the first half of the current year to Sfr1.07bn.

Proventus said its investment, worth Sfr76.5m, was made with a view to the long-term, and some analysts believe that could pay off.

In three to five years, Von Roll could be showing some good results, says Mr Daniel König of bankers Pictet & Co. Also, the bearer shares, at Sfr900 yesterday, trade below stated net asset value of Sfr2,021 at the end of last year.

CBOT lags but CME hits record

By Barbara Durr in Chicago

THE two largest futures markets, the Chicago Board of Trade and the Chicago Mercantile Exchange, are winding up 1991 on considerably different notes.

Trading volume at the CBOT, the world's largest and oldest futures exchange, is running about 11 per cent behind last year. The drop reflects a fall of almost 11 per cent in activity in US Treasury bonds, the world's most heavily traded futures contract.

In addition, some of the exchange's other products have flopped. Interest rate swap futures are floundering and its Tokyo index and Japanese government bonds futures are not trading.

At the CME, officials are crowing that with several days

having an off-year, exchange officials were increased by a recent suggestion by Mr Nicholas Brady, US treasury secretary, that his department is studying a halt of issuing the 30-year US bonds. CBOT officials immediately complained that such a decision would cripple the CBOT.

In addition, some of the exchange's other products have flopped. Interest rate swap futures are floundering and its Tokyo index and Japanese government bonds futures are not trading.

At the CME, officials are crowing that with several days yet to go the exchange has already set a yearly trading volume record of 104.9m contracts. Volume is running over 4 per cent above last year.

It has surpassed any other exchange in the world for the number of contracts outstanding, or open interest, of more than 3m contracts.

With volatility in short-term interest rates and currencies, trading has been heavy in the those products. D-Mark and Eurodollar futures and futures options have led the pack.

Open interest in Eurodollar futures and futures options has hit record levels.

Vancouver operator seeks BP mine deal

By Royal Oak Mines

ROYAL OAK Mines of Vancouver will lift its gold output by almost two-thirds with a tentative agreement to buy the mothballed Hope Brook mine in Newfoundland from BP's Canadian subsidiary, writes Sarah Simon in Toronto.

Royal Oak has signed a letter of intent to pay for the acquisition by issuing 1.5m

shares, worth C\$7.7m (US\$6.7m) at present market prices. In addition, it will pay a sliding-scale royalty when the mine is operating and gold prices are above US\$350 an ounce. For instance, the royalty will be set at C\$1m a year at prices up to US\$350 an ounce.

Repayments on a C\$1m loan from the Canadian government will be made only if the bullion price rises above US\$500.

The agreement is still subject to a due diligence examination, the receipt of environmental permits, and negotiations with the union at the mine and the government.

BP Canada closed Hope Brook earlier this year because of the low gold price and environmental problems at the site.

NEW ISSUE

This announcement appears as a matter of record only.

December, 1991

Mitsui Mining and Smelting Company, Limited

FFr360,000,000

6 3/4 per cent. Guaranteed Bonds due 1995

with Warrants

ISSUE PRICE 100 PER CENT.

Crédit Lyonnais

Nomura France

Mitsui Taiyo Kobe International Limited

Baring Brothers & Co., Limited

Goldman Sachs International Limited

Nikko France S.A.

Salomon Brothers International Limited

Générale

Mitsui Trust International Limited

Banque IJB (France) S.A.

Banque Bruxelles Lambert S.A.

Caisse des Dépôts et Consignations

Daiwa Europe Limited

Lehman Brothers International

LTCB International Limited

Paribas Capital Markets Group

J. Henry Schroder Wagg & Co. Limited

UBS Phillips & Drew Securities Limited

S.G. Warburg France S.A.

Yamachi International (Europe) Limited

NOTICE OF PURCHASE

EUROPEAN INVESTMENT BANK

GBP 500,000,000 9.50% Loan Stock due 15.12.1999

Pursuant to the terms and conditions relating to the Stock, notice is hereby given to stockholders that GBP 2,500,000,000 of the European Investment Bank's 9 1/2% Loan Stock have been purchased in partial satisfaction of the purchase fund instalment.

As of 9th December 1991, the principal amount of such Bonds remaining in circulation was

GBP 469,000,000.

Luxembourg, 20 December 1991
European Investment Bank

Notice to the holders of EUROPEAN INVESTMENT BANK Floating Rate Notes Due 1995

Chapter 9 of the Statutes of the Bank, dated 11.12.1991, provides that the principal amount of the Floating Rate Notes due 1995 shall be repaid on 15.12.1999 at the rate of 12.50%.

ITL 400,000,000 per ITL 10,000,000 Floating Rate Note

December 23, 1991
SARPAOLO LARUANO BANK S.A.
Luxembourg
Agent Bank

CHESHIRE

The FT program to publish this survey is

January 23 1992.

The Financial Times in Europe's Business Newspaper will publish a survey of the views of government, industry and finance. To reach the widest audience by advertising in the survey call:

Ruth Pennington
Tel 01 634 9581
Fax 01 632 9248
or alternatively write to her at
Alexandra Buildings,
Queen Street,
Manchester M2 3LF.

FT SURVEYS



Nationwide Building Society
Floating rate notes due 2004

Notice is hereby given that the notes will bear interest of 11 1/2% per annum from 19 December, 1991 to 19 March, 1992. Interest payable on 19 March, 1992 will amount to £279.71 per £10,000 note.

Nationwide Building Society
Agent: Morgan Guaranty Trust Company
JPMorgan

Compagnie Bancaire

5300,000,000
Floating rate notes due 2004

For the interest period 19 December, 1991 to 18 March, 1992 the notes will bear interest of 11 1/2% per annum. Interest payable on 18 March, 1992 per £100,000 note will amount to £27.19.

Agent: Morgan Guaranty Trust Company
JPMorgan

U.S. \$200,000,000

B.B.L. International N.V.

Floating Rate Notes Due 2001
Guaranteed on a Subordinated Basis
as to payment of principal and interest by



Banque Bruxelles Lambert S.A./
Bank Brussel Lambert N.V.

Interest Rate 4.55% per annum
Interest Period 20th December 1991
22nd June 1992
Interest Amount due 22nd June 1992
per U.S. \$ 10,000 U.S. \$ 455.00
per U.S. \$ 100,000 U.S. \$ 4,550.00

Credit Suisse First Boston Limited
Agent



Taiwan Power Company

(Incorporated with limited liability in Taiwan, Republic of China)

US\$100,000,000

Floating Rate Notes Due 1992

Holders of Floating Rate Notes of the above issue are hereby notified that the next interest period from December, 20, 1991 to June 22, 1992 the following information is relevant:

1. Applicable interest rate: 5.5% per annum
2. Interest payable on next interest payment date: 1992-07-19
per US\$10,000.00 nominal or US\$6,744.79
per US\$250,000.00 nominal
3. Next interest payment date: June 22, 1992

Reference Agent
BA Asia Limited

Appointments

Advertising
appears every
Wednesday &
Thursday

Friday
(in the international
edition only)

MITSUBISHI REAL ESTATE DEVELOPMENT CO., LTD.

YEN 30,000,000,000

FLOATING RATE NOTES DUE 1995

Notice is hereby given that for the interest period from 20 December 1991 to 22 June 1992, the rate of interest will be 6.4% per annum. The interest payable on 22 June 1992 will be Yen 225,565 per each Yen 10,000,000 note.

Agent Bank
The Mitsui Trust & Banking Co., Ltd., London.

مركز الأهرام

NEW ISSUE

This announcement appears as a matter of record only.

December, 1991



SANWA SHUTTER CORPORATION

U.S.\$260,000,000

3½ per cent. Bonds Due 1995

with

Warrants

to subscribe for shares of common stock of Sanwa Shutter Corporation

ISSUE PRICE 100 PER CENT.

Daiwa Europe Limited

Mitsui Taiyo International Limited

Nomura International

Cosmo Securities (Europe) Limited

Nikko Europe

Bankers Trust International PLC

Banque Indosuez

Barclays de Zoete Wedd Limited

Baring Brothers & Co., Limited

Bayerische Vereinsbank Aktiengesellschaft

BNP Capital Markets Limited

Dresdner Bank Aktiengesellschaft

Deutsche Bank Capital Markets Limited

Robert Fleming & Co. Limited

Fuji International Finance PLC

Goldman Sachs International Limited

Kleinwort Benson Limited

KOKUSAI Europe Limited

Lehman Brothers International

Merrill Lynch International Limited

Mitsubishi Finance International plc

Morgan Stanley International

New Japan Securities Europe Limited

Salomon Brothers International Limited

J. Henry Schroder Wagg & Co. Limited

Swiss Bank Corporation

Tokai International Limited

Universal (U.K.) Limited

S.G. Warburg Securities

NEW ISSUE

This announcement appears as a matter of record only.

November, 1991



SUN WAVE CORPORATION

(Incorporated with limited liability under the Commercial Code of Japan)

U.S.\$100,000,000

per cent. Guaranteed Bonds Due 1995

with

Warrants

to subscribe for shares of common stock of SUN WAVE CORPORATION

Payment of principal and interest being unconditionally and irrevocably guaranteed by

The Sanwa Bank, Limited

ISSUE PRICE 100 PER CENT.

Daiwa Europe Limited

Sanwa International plc

Goldman Sachs International Limited

Nomura International

KOKUSAI Europe Limited

Morgan Stanley International

Toyo Trust International Limited

S.G. Warburg Securities

ABN AMRO

Barclays de Zoete Wedd Limited

Baring Brothers & Co., Limited

Cosmo Securities (Europe) Limited

Crédit Lyonnais Securities

Dresdner Bank Aktiengesellschaft

Robert Fleming & Co. Limited

Fuji International Finance PLC

Kankaku (Europe) Limited

Kleinwort Benson Limited

LTCB International Limited

Merrill Lynch International Limited

Mitsui Taiyo Kobe International Limited

Norinchukin International plc

J. Henry Schroder Wagg & Co. Limited

Ssangyong Investment & Securities Co., Ltd.

Swiss Bank Corporation

Tokai International Limited

Towa International Limited

Wako International (Europe) Limited

Yamaichi International (Europe) Limited

NEW ISSUE

This announcement appears as a matter of record only.

December, 1991



RYODEN TRADING COMPANY, LIMITED

U.S.\$100,000,000

3½ per cent. Guaranteed Bonds 1995

with

Warrants

to subscribe for shares of common stock of Ryoden Trading Company, Limited

The Bonds will be unconditionally and irrevocably guaranteed by

The Mitsubishi Bank, Limited

ISSUE PRICE 100 PER CENT.

Daiwa Europe Limited

Mitsubishi Finance International plc

S.G. Warburg Securities

Marusan Europe Limited

Mitsubishi Trust International Limited

Banque Indosuez

Barclays de Zoete Wedd Limited

County NatWest Limited

Crédit Lyonnais Securities

Credit Suisse First Boston Limited

Deutsche Bank Capital Markets Limited

Goldman Sachs International Limited

Kleinwort Benson Limited

Morgan Stanley International

Ryoko International Limited

J. Henry Schroder Wagg & Co. Limited

UBS Phillips & Drew Securities Limited

Universal (U.K.) Limited

Wako International (Europe) Limited

NEW ISSUE

This announcement appears as a matter of record only.

December, 1991



TAMURA CORPORATION

U.S.\$70,000,000

3½ per cent. Guaranteed Bonds 1995

with

Warrants

to subscribe for shares of common stock of Tamura Corporation

The Bonds will be unconditionally and irrevocably guaranteed by

The Sumitomo Bank, Limited

ISSUE PRICE 100 PER CENT.

Daiwa Europe Limited

Kyowa Saitama Finance International Ltd.

Morgan Stanley International

Sumitomo Finance International Limited

Fuji International Finance PLC

IBJ International Limited

Kankaku (Europe) Limited

Sumitomo Trust International plc

Wako International (Europe) Limited

Bank of Tokyo Capital Markets Group

Mitsubishi International plc

Okasan International (Europe) Limited

Sanyo International Limited

Banca del Gottardo

Banque Indosuez

Baring Brothers & Co., Limited

Dongsuh International (Europe) Limited

Robert Fleming & Co. Limited

Merrill Lynch International Limited

Salomon Brothers International Limited

Ssangyong Securities Europe Limited

Swiss Bank Corporation

S.G. Warburg Securities

Meiko Europe Limited

Universal (U.K.) Limited

Sumitomo Trust Banking Co., Ltd.

Interim results to 30th September 1991

	Millions of Yen 6 months ended September 1991	Millions of Yen 6 months ended September 1990	Millions of Yen 31st March 1991
Income before Income Taxes	¥ 37,523	¥ 51,341	¥ 91,740
Income	19,292	29,505	52,041
Total Assets in Banking	16,763,304	18,198,491	17,649,686
Total Assets in Trust	32,349,974	33,056,726	31,803,785

Interim Dividend ¥ 1.11 per share ¥ 4.25 per share ¥ 8.50 per share

Interim Financial Statements for 6 months ended 30th September 1991
will be available upon request from December 31st 1991.

Please direct enquiries to the address below.

The Sumitomo Trust Banking Co., Ltd.
London Branch

155, Bishopsgate, London EC2M 3XU
Telephone: 071-945 7000 Fax: 071-945 7177

OMRON CORPORATION

Advice has been received from Tokyo that payment of a Cash Dividend of Yen 5.00 per share has been made for the six months period ending 30th September 1991.

The dividend will be payable in London (Pound Sterling) to holders of the Ordinary Shares of OMRON Corporation who are registered in the London Companies Register as of 15th October 1991.

RESIDENTS OF THE FOLLOWING COUNTRIES who are entitled to dividend of Japanese Yen 5.00 per share are invited to apply for a dividend certificate to the OMRON Corporation, 5-2-1, Honcho, Shinjuku-ku, Tokyo 162, Japan.

RESIDENTS OF ALL OTHER COUNTRIES (including the Republic of Korea) who are entitled to dividend of Japanese Yen 5.00 per share are invited to apply for a dividend certificate to the OMRON Corporation, 5-2-1, Honcho, Shinjuku-ku, Tokyo 162, Japan.

RESIDENTS OF THE REPUBLIC OF KOREA who are entitled to dividend of Japanese Yen 5.00 per share are invited to apply for a dividend certificate to the OMRON Corporation, 5-2-1, Honcho, Shinjuku-ku, Tokyo 162, Japan.

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INTL COMPANIES AND CAPITAL MARKETS

Sandoz follows Roche to the US

IT WAS undoubtedly a pure coincidence - but a cruel one - that two of Basle's giant chemical groups announced strategically significant decisions on Monday, both of them pointing in the same direction.

Shortly after Ciba-Geigy said it was cancelling its plan to build a \$813m (US\$1.1bn) genetic engineering research centre in its home city, Sandoz unveiled a \$382m bid for control of Systemics, a California-based, leading edge biotechnology research company.

The decision could mark the beginning of the decline of Basle as one of the world's most fertile centres of specialty chemical and pharmaceutical research.

Both decisions were motivated by the same two factors - on the one hand, the pressing need, as perceived by the companies, to forge ahead with development of products based on genetic engineering, and on the other, the hostility of the people of Basle to having research in this area done in their city.

The confrontation between business interests and environmentalists is perhaps nowhere more difficult to resolve than in genetic engineering. For less than a decade, the companies, like Ciba and Sandoz, there is simply no alternative to being active in research in this area.

The approval process for pharmaceutical products is now so long and laborious that they could not risk failing in a field that is so promising for not only the treatment of diseases, but also their diagnosis and prevention.

But for anyone with a fair knowledge of biotechnology, genetic engineering is a frightening science because so little is known about it.

"The risks in this technology have a new dimension - there is no time barrier," says Ms. Florianne Kuehn, one of the leaders of the anti-genetic engineering movement in Basle. "A living organism can be dormant for 10 or 15 years."

Issues involving genetic engineering have already flared up in a number of places in the world, but only in Basle have they reached a critical point. The problem with Basle is that it is in Switzerland, a

was doused, several tonnes of poisonous chemicals were washed into the Rhine, causing massive loss of aquatic life.

The companies have worked hard since then to restore confidence in their ability to operate safely, but have obviously not succeeded. Now they are beginning to move away, and are finding that other areas, especially in the US, are only too happy to have an investment from a high-tech chemical company.

Roche was the first to react to the new environment in its home city, making a bold \$2.1bn bid in early 1980 for a 60 per cent stake in Genentech.

Ciba-Geigy has, until now, been the most reluctant to move its cutting-edge research away from Basle, and even this week's decision means that it will not be moving far. It has

applied for permission to build its so-called Biotechnikum at Huningue, just across the border in Alsace.

It was a cheeky thing to do, because it means that the opponents of the plan in Basle will still have to live with the risks of the centre, while the city gets none of the benefits.

Still, for Mr. Heini Lippuner, chairman of Ciba's executive committee, even that was a difficult decision. A few weeks ago, speaking about the problem, he said: "It would not just be a pity for Ciba, but a great loss for Switzerland. In what other high value industries can Switzerland compete? We missed microelectronics. Why give one away?"

Systemics is a two-year-old company formed by scientists from Stanford University who were working in a promising area of cell chemistry. They succeeded in separating stem cells, which are believed to be the progenitor cells of all blood cells, from bone marrow,

located. Express already dominates the US corporate travel market in terms of airline tickets, with \$8.27bn in sales last year.

In addition to gaining access to Lifeco's corporate client base, the inclusion of Competitive Technologies appears to be an important part of the deal.

American Express said: "It is important to generate the logical and rational, and for that you need state-of-the-art technology."

American Express will also acquire Lifeco's three European travel companies - Mark Allan Travel in the UK, Touraine Industrie in France, and Lifeco-RAK in Germany.

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Reckitt sells South African food interests

By Philip Gwilt
in Johannesburg

TIGER OATS, the food, pharmaceuticals and fishing company in the Barlow Rand group of South Africa, is to acquire the food interests of Reckitt and Colman (South Africa), the local subsidiary of Reckitt and Colman.

In addition to the acquisition of Colman Foods, Tiger will also acquire the 50 per cent stake in Feta Foods.

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UK COMPANY NEWS

3i falls to £20m but reports upturn in past two months

By Charles Batchelor

3i GROUP, the UK's largest venture capital group and an important gauge of the health of the nation's small firms sector, yesterday reported a sharp upturn in requests for finance over the past two months. The rate at which it approves applications for finance is currently at a two-year high.

These hints of economic recovery have yet to show through in 3i's accounts but the group had shown "resilience in very tough conditions", according to Mr David Marlow, chief executive. The uncertainty of the economic outlook meant no final decision had been made on the date of its planned flotation, he said.

The continuing impact of the recession is reflected in a fall in gross investment levels to

£141m (£195m) in the months ended September 30. Pre-tax profits fell from £20m to £12m.

On the plus side, 3i set just £9.54m in provisions, against £61.4m a year earlier. Shareholders' funds also increased marginally, by £37.7m to £1.23bn.

Net assets per share rose to 47p (42p). The interim dividend has been maintained at 3.3p.

Mr Marlow said that 3i was reviewing its policy on valuations and provisions to see if they were still appropriate now that there were signs of the end of the recession. This had nothing to do with the planned flotation or with attempts by the British Venture Capital Association to encourage venture capital

firms to adopt a common set of valuation rules, however.

Mr Marlow suggested that 3i would not be a "substantial" rule taker. "We often realise that we are significantly above our valuations," he said. If there is a 50 per cent (or more) chance of a company failing, it is written off in full, according to 3i's rules on provisions. It has made a minor adjustment to its valuation principles in the past year.

Profits after tax were £44.5m (losses £78.2m). This was made up of revenue profits (interest and dividend earnings minus costs) down to £14.1m (£11.7m), losses of £7.5m (£11.8m) and a £27.9m appreciation (£11.7m depreciation) in the value of investments.

Sherwood pays £14.3m for sock business

By Daniel Green

SHERWOOD INVESTMENT, the Nottingham-based lace and garment maker, yesterday doubled its stake in the £14.3m purchase of family-controlled Charles W Hall.

The move comes just seven months after Sherwood bought the UK sock business by buying 51 per cent of the company.

Sherwood is paying for Hall in cash, shares and loan notes. Some £10.5m of the consideration was raised yesterday by the placing of new shares at 67.5p. A further £1.75m comes from bank reserves and the remainder is provided by the Sherwood shares instead of cash.

The purchase continued Sherwood's diversification programme. "Lace was dominating sales," said Mr David Parker, chairman and managing director. Socks were attractive because, like lace, they sell at less than £10, have "repeat purchase appeal" and sales are "resilient" to economic downturns.

The combined company will account for about 20 per cent of UK sock production.

Hall makes low-to-mid-priced socks and hosiery, mainly for the US and Japan. Socks are made in the UK and includes the brand name "Sedon" among its products.

The acquisition will also help Sherwood's exports. More than 10 per cent of production is already exported.

First, he hoped the information process to settle the group's £292m claim against Grand Metropolitan - over the purchase of the William Hill chain of betting shops in 1988 - could start in January.

Second, Brent Walker wants to terminate its joint venture, Walker Power, with Power Corporation.

On a separate matter, Mr Scottie said the group was still pursuing £12.5m which could not be traced. He said it was his understanding that under Mr Walker's tenure as chief executive, any payment over

Outcome hangs on whether target can meet profits forecast Williams' bid for Racial in the balance

By Roland Rudd

THE OUTCOME of Williams Holdings' £784.5m hostile bid for Racial Electronics will be closer than anticipated as some big institutional investors not expected to back the bidder were yesterday showing signs of moving towards the Williams camp.

However they said they would not make up their minds until this evening.

Leamo, the oil exploration company, which surprised the City by narrowly winning its takeover battle for fellow oil and gas group Ultramar, has added credibility to Williams' chances of winning.

The bid does not formally close until Sunday, but most investors are expected to make up their minds by the end of today.

However, the first fund manager to publicly declare his decision came out against the bid.

Mr Tom O'Connell, a director of the GRS Asset Management, which holds 70m Racial shares, said: "I think both

companies are well matched, but I think there is no point in having our shareholding diluted by Williams' paper."

The Williams 2-for-30 share offer, plus 10p cash per Racial share, is worth 56.2p per Racial share, compared to Racial's closing price of 50p. Some fund managers said they were tempted to take the profit at the end of a bad year.

Williams already holds 9.98 per cent of Racial after buying 89.5m shares in the market last Friday.

Most investors speaking yesterday said they were impressed by the Williams bid. Mr Racial, the industrial conglomerate has consistently increased its margins in an average of 15 per cent across all its businesses, from five per cent to building bridges. This compares with Racial's margins which are well below 10 per cent.

Mr Carr, Williams managing director, appears to have come over better to insti-

tutions than Mr David Peacock, chief executive of Chubb, Racial's security business.

However, big investors are personally loyal to Mr Ernest Harrison, chairman of Racial, who created Vodafone and is planning to launch Chubb.

As one large investor put it: "We are talking about a takeover, not a takeover."

Mr Ernest has already turned down a £450m offer for Chubb from an undisclosed third party, and would probably not accept anything lower than £700m.

Mr Nigel Rudd, Williams' chairman, said he was right to do so because the rest of Racial's businesses are either making only a small profit or a loss. Thus the rumour, in Mr Rudd's view, is not worth more than £300m, which value the whole group at £1bn with £300m debt - still below his final bid.

Mr Rudd strongly agrees, arguing that he would be delighted to talk about a bid for Chubb at a serious price - implying that such a price would have to be in the range of Williams' current bid for the whole group.

The key question is whether investors believe that Racial can deliver its profits forecast. Racial, spurred on partly by the Williams bid, has reorganised its businesses, cut costs and is forecasting full-year pre-tax profits for 1991 of £50m.

Most analysts of the electronics sector are now assuming pre-tax profits of £100m for the following year.

The Takeover Panel recently ruled that Racial had failed to live up to any of its forecasts was not misleading.

If investors believe Racial can deliver its latest profits forecast they will probably stick with Sir Ernest. If not, it will be difficult for them to resist the immediate short-term profit they will receive if they accept Williams' offer.

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Panel to investigate Midland purchase of Maxwell loan

By Robert Peston

THE TAKEOVER PANEL is examining the circumstances surrounding the transfer of millions of shares in Mirror Group Newspapers from the control of Lehman Brothers, the US investment bank, to the control of Midland Bank, the fourth largest UK clearing bank.

It emerged yesterday that in the weeks after Mr Robert Maxwell's death in November

the bank bought a loan, worth more than £20m, made to the Maxwell private companies by Lehman.

"We bought Lehman out," Mr Robert Goldthorpe, Midland's deputy managing director, said yesterday. He explained that the reason for this was to secure control of the collateral for the Lehman loan, which was the MGN shares.

Lehman had been threatening to sell the shares, Mr Goldthorpe said. If it had done so, lenders to the Maxwell private companies would no longer have had control of more than 50 per cent of MGN shares.

The big UK banks wanted to ensure that they had control of a majority of MGN's shares, so that they could exact a substantial premium for the shares when selling them. A buyer would pay more per MGN share for a majority holding than a minority stake.

However, Midland's purchase of the loan may indicate that it was acting in concert, under the terms of the takeover code, with other banks holding MGN shares as collateral. NatWest alone controls 131.4m MGN shares.

The Takeover Panel said yesterday that it would consider the Midland deal in deciding whether to give the banks a waiver from the obligation to make a bid for the whole of MGN. Under Panel rules, anyone buying more than 25.9 per cent of a company is normally obliged to bid for the whole company.

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The acquisition will also help Sherwood's exports. More than 10 per cent of production is already exported.

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Second, Brent Walker wants to terminate its joint venture, Walker Power, with Power Corporation.

On a separate matter, Mr Scottie said the group was still pursuing £12.5m which could not be traced. He said it was his understanding that under Mr Walker's tenure as chief executive, any payment over

Brent Walker still has to deal with two outstanding issues

By Roland Rudd

MR KEN SCOTIE, chief executive of Brent Walker, said there were still two major outstanding issues facing the troubled company.

At the end of the extraordinary meeting, an elderly man spoke out against the banks which had lent Mr Walker the money he was eventually unable to pay back. "It was the banks who made the mistake, not Mr Walker," he said.

The only bone of contention at the meeting was over the board's decision to sell the brewery to Midlands-based Wolverhampton & Dudley Breweries and not to its management.

This prompted Mr Ted Leadbitter, who is Labour MP for Hartlepool and was present at the EGM, to accuse the board of selling out the interests of its local managers.

£20,000 had to be authorised by Mr Walker.

Mr Walker has accused the board of trying to blacken his name. He was still not without his supporters yesterday.

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Burton directors take pay cuts as profits slump

By John Thornhill

DIRECTORS of Burton Group have collectively taken a big pay cut in response to the slump in the fashion retailer's pre-tax profits.

In 1990 four directors received more than £415,000 in fees, incentive payments and other emoluments with the then chairman Sir Ralph Halpern being paid £240,000.

The company's accounts for 1991 released yesterday showed that the highest paid director received just £241,000 last year with the next highest paid £200,000.

Total emoluments for the 14 directors in 1991 amounted to £2,322m compared with the £3,099m the 11 directors received the year before.

However, the company paid out £3.17m to former directors as compensation for loss of office.

Last year Burton's pre-tax profits fell from £146.1m to £11.2m in the face of "the toughest recession faced by the retail industry for 20 years".

Mr Laurence Cooklin, chief executive, said the company could not simply rely on resumption of economic growth to restore profitability.

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Bugging claims probed

POLICE ARE investigating allegations of electronic surveillance at the offices of Mirror Group Newspapers. The allegations emerged following the death of Mr Robert Maxwell.

It was said that Mr Maxwell had ordered surveillance of the telephones of a number of top executives at MGN and at the nearby headquarters of Maxwell Communication Corporation, including his son Kevin. MGN was not included in the announcement of the present investigation.

The title of London Police said that a report would be compiled under one of the Telecommunications Act 1984, which outlaws intentional interception of a communication in the course of its transmission by post or by means of the public telecommunications system. It would be sent to Crown Prosecution Service.

MGN said it was a police matter when evidence of the bugging was found a little less than two weeks ago.

Kevin Maxwell's silence battle may go to the Appeal Court

By Robert Rice, Legal Correspondent

MR KEVIN MAXWELL'S court battle over his right to refuse to answer questions about the missing Maxwell millions, looked to be heading to the Court of Appeal last night after a day spent trying to convince the High Court to hold a full hearing.

His counsel, Mr Michael Briggs, told Mr Justice Hoffmann it was a matter of the "public concern" that Mr Maxwell should be able to give his legal advice and rights and the proper course to take in response to court orders requiring him to provide financial information to Mirror Group Newspapers and the provisional liquidator of Bishopsgate Investment Management, which managed Maxwell pension funds.

Mr Maxwell is seeking to be excused from complying with an order made on parts by Mr Justice Hoffmann in a 6 paragraph order to disclose on affidavit all his knowledge of any transaction involving property funds of BIM or of the common investment fund managed by BIM from

October 1989 to date.

In a separate action for damages for breach of trust, fraud and conversion brought by BIM against Mr Maxwell, his brother Ian and the personal representatives of their late father, Mr Maxwell is seeking to be excused from meeting some, but not all, of the requirements to disclose information contained in an order made by Mr Justice Wright on December 12, but not yet put into effect.

Mr Philip Heslop QC, for the provisional liquidator of BIM, urged that the hearing should be shortened to allow a final ruling to be obtained from the Court of Appeal before Christmas on whether Mr Maxwell could rely on the common law right against self-incrimination as a grounds for refusing to answer questions.

"Mr Kevin Maxwell is, on the evidence, a person who is likely to be able to give the information the liquidator urgently needs if he is not entitled to remain silent," said Mr Heslop.

In an attempt to short-circuit



Kevin Maxwell: attempting to find his rights and duties

proceedings Mr Justice Hoffmann said that in the light of previous judgments on the issue, arising from the Levitt and Barlow Clowes cases, he was prepared to rule against Mr Maxwell in order that the matter could be dealt with by the Appeal Court as soon as possible.

Mr Briggs opposed this however, arguing that without a reasoned decision from the

High Court Mr Maxwell would have very little on which to base his appeal. A better solution would be for the High Court to hear Mr Maxwell's application in full and then for the matter to be sent straight to the House of Lords leapfrogging the Appeal Court so that a final and definitive answer could be given.

After a short adjournment Mr Justice Hoffmann ruled

against Mr Maxwell on the BIM application on the basis of the High Court's decision in the case brought by Mr Roger Levitt on the same point. He was not entitled to invoke the privilege against self-incrimination in respect of an order to disclose information made in Companies Court proceedings under the 1986 Insolvency Act.

In the MGN application it was decided in principle that Mr Maxwell could claim the right to silence in respect of orders obtained in ordinary proceedings launched by private writ.

The case being brought against Mr Maxwell by MGN is a writ action. In the BIM case, the liquidator claimed that his disclosure orders were obtained in both private writ and Companies Court proceedings.

Mr Briggs said the action brought by MGN alleged a "fraudulent conspiracy" by the late Robert Maxwell and his two sons to dishonestly misappropriate £170m.

The court was entitled to look at MGN's allegations to

see whether there was a "sensible and 'not fanciful' risk that Mr Maxwell might incriminate himself if he gave the company's inquiries. A charge of conspiracy to defraud was, theoretically, at any rate, on the cards, he said.

Mr Charles Falconer, QC, for MGN, had told the court its evidence showed that, of the £170m removed from the company, £120m was taken out on the authority of the late Mr Robert Maxwell, £30m on the authority of his son, Ian, and a little more than £10m on the authority of Mr Kevin Maxwell.

Of the total, £50m could be identified as going to a Chase Manhattan Bank account in the name of Maxwell Communications Inc, £12.25m to London and Bishopsgate Group and £23.3m to BIM.

The remaining money went to a series of banks and investment houses, but MGN had not yet been able to find out where it went after that. The company needed Mr Maxwell's help to do this.

The hearing continues today.

Banco Central de Venezuela
U.S. \$200,458,500
Floating Rate Bonds due 2005
USD New Money Series B-1P

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Floating Rate Bonds due 2005
USD New Money Series B-1P

In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from December 15, 1991 to June 15, 1992 the Bonds will carry an Interest Rate of 8 1/4% per annum. The interest payable on the relevant interest payment date, June 15, 1992 will be U.S. \$27.50 per U.S. \$100 principal amount. The above notice is applicable to both the first tranche issued on December 15, 1990 and the second tranche issued on June 15, 1991.

By: The Chase Manhattan Bank, N.A.
Agent Bank

December 20, 1991

The Republic of Venezuela
U.S. \$294,371,000
Floating Rate Bonds due 2005
USD New Money Series A

In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from December 15, 1991 to June 15, 1992 the Bonds will carry an Interest Rate of 8 1/4% per annum. The interest payable on the relevant interest payment date, June 15, 1992 will be U.S. \$27.50 per U.S. \$100 principal amount. The above notice is applicable to both the first tranche issued on December 15, 1990 and the second tranche issued on June 15, 1991.

By: The Chase Manhattan Bank, N.A.
Agent Bank

December 20, 1991

The Republic of Venezuela
U.S. \$5,155,350,000
Floating Rate Bonds due 2007
USD Debt Series A

In accordance with the provisions of the Bonds, notice is hereby given that for the Interest Period from December 15, 1991 to June 15, 1992 the Bonds will carry an Interest Rate of 8 1/4% per annum. The interest payable on the relevant interest payment date, June 15, 1992 will be U.S. \$27.50 per U.S. \$100 principal amount. The above notice is applicable to both the first tranche issued on December 15, 1990 and the second tranche issued on June 15, 1991.

By: The Chase Manhattan Bank, N.A.
Agent Bank

December 20, 1991

Bonus Announcement

From January 1st 1992, the following annual bonus will apply to all members of the Norwich Union Life Insurance Society Unisex With-Profit Pension and Ordinary Business:

Unisex With-Profit Pension Business	10.00%
Jersey Investment Plan	10.00%
Unisex With-Profit Ordinary Business	8.50%

The annual management charge for the investment linked funds for all Unisex Pension Plans will increase to 0.875% from 1st January 1992.

These rates will apply until further notice.



NORWICH UNION

Norwich Union Life Insurance Society is a member of Lloyds

Amilock AG (In Liquidation) formerly Jacobs Suchard AG DISTRIBUTION OF LIQUIDATION PROCEEDS

On the occasion of the extraordinary Shareholder's meeting of Amilock AG (In Liquidation) held on 17th December 1991, it has been decided that the following distribution of the liquidation proceeds shall be made to the minority shareholders:

	Registered share	Bearer share	Bearer participation certificate
Per title	Sfr. 1'650.-	Sfr. 8'500.-	Sfr. 773.-
less 35% withholding tax	Sfr. 546.-	Sfr. 2'800.-	Sfr. 253.05
Distribution of liquidation proceeds	Sfr. 1'114.-	Sfr. 5'700.-	Sfr. 519.95

The minority shareholders can claim their share of the liquidation proceeds of December 13, 1991 upon presentation of the above participation certificate, respectively, at the office of Union Bank of Switzerland.

Zürich, December 13, 1991

Business Advertising

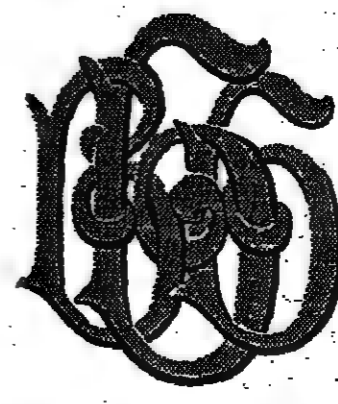
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FINANCIAL TIMES

THE LARGEST BANK OF RUSSIA
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UK COMPANY NEWS

Royal makes key board changes

By Richard Lapper

ROYAL Insurance, the market leader in the composite insurers, yesterday appointed Mr Richard Gamble as its new chief executive and announced a number of other key changes.

Further restructuring, including a slimming down in staff numbers at its head office, will be announced in the new year as part of a recovery plan which Mr Gamble, chief operating officer for the best part of 1991, has helped engineer.

Mr Ian Rushton, the current chief executive, continues in his role as vice-chairman but is expected to spend more time on industry matters in his role as chairman of the Association of British Insurers.

Mr Roy Ems, a former head of the group's successful Canadian subsidiary, is appointed to the new position of group underwriting director and also joins the board.

Other changes announced yesterday include the appointment of Sir Max Williams as deputy chairman. Sir Max, a director of Royal since 1985, is also a director of St Group and a former senior partner of Clifford Chance, the city law firm. Mr Gamble, now 52, joined



Richard Gamble: tough new financial disciplines

Royal in 1989 from British Airways, where he was deputy finance director. His long experience in industry includes spells at Hill Samuel, and McDonnell Douglas.

With the partial exception of Eagle Star, which is a subsidiary of BAT Industries, this is the first time that any of the

UK's leading composite insurers has appointed an outsider to the post of chief executive.

Promotion has traditionally been based on seniority but the appointment reflects a broader change in an industry where financial management is becoming tighter and strategic planning more sophisticated.

Mr Rims' long-term experi-

ence in insurance and Royal, which he joined in 1980, will help balance Mr Gamble's broader industrial background. This blend will increasingly influence management style throughout the organisation.

Like Mr Gamble, Mr Mike Dowdy, the finance director appointed earlier this year, was also recruited from outside insurance industry ranks.

Mr Gamble has already imposed tough new financial disciplines on the company's operating subsidiaries as part of efforts to reduce expenses and improve underwriting results.

Firm financial reporting - based on a rigorous timetable of monthly meetings between Mr Gamble and the executives in charge of key operating subsidiaries - will be the main lever of control.

The company, however, is still short of capital. Plans to raise £100m by the issue of a convertible security were recently scrapped and although Royal raised £245m by the sale last week of its 10% stake in the bank, it will improve cash flow rather than strengthen assets.

First Tech moves back into black

By Andrew Bolger

FIRST TECHNOLOGY, the recession-hit automotive parts and services group which was in the red for the first time in six months, has moved back into profit in the six months to October 31.

Fred Westlake, chairman and chief executive, said the company had met costs and sold subsidiaries involved in vehicle design and environmental control systems.

After breaching its bank covenants in May, the group had negotiated revised facilities with its bankers, Barclays and National Bank of Detroit, which continued to support the group's strategy of focusing on its core business of safety dummies and electronic systems.

Pre-tax profits of £23,000 compared with a £200,000 loss last time. Turnover fell from £11.8m to £11.5m. Mr Westlake said that after the disposal, he expected annual turnover would be about £20m.

Losses per share were 0.3p and the interim dividend is passed (1p).

Group gearing had been reduced from more than 300 per cent at the last year end to the current level of just under 200 per cent, and should be about 150 per cent by the next year-end. Interest paid increased from £1.2m to £1.25m.

There was an exceptional charge of £1.2m in the current period paid to the parent company for the disposal of the group's interest in the vehicle design subsidiary.

This was offset by an exceptional gain of £1.6m, comprising provision relating to the closure of the group's vehicle design business and the profit loss on the disposal.

The shares, which started at 500p, closed at 30p.

Accor bids £14.8m for Finotel through its Sphere subsidiary

By John Thornhill

ACCOR, the French hotels group which has just had its bid for Wagons-Lits, the Franco-Belgian travel group, suspended by the European Commission, is planning a significant expansion drive in the UK with the aim of becoming one of the largest operators of hotels by the end of the decade.

The company is currently offering to buy the remaining shareholders in Finotel, which runs four hotels in the UK, with the aim of expanding the chain by the end of the year.

The offer, which is being made through its Sphere UK subsidiary, values Finotel at £14.8m. Under an arrangement, the shareholders who accept the offer will be

able to receive their shares if the offer does not succeed.

The bid chain has been badly hit by the recession, but Sphere plans to run its hotels by the turn of the century with the option of franchising other operations. Additional injections of capital would, however, be needed within a year to fund such expansion.

Sphere, which is being advised by Kleinwort Benson, said it may subsequently reduce its shareholding by placing shares with institutional investors or seeking a public listing for the company.

The bid for Finotel was triggered by the exercise of options this week taking its shareholding to 30 per cent. Under City takeover rules this meant that Sphere had to

bid for all the remaining shares.

Sphere is one of the founding shareholders of Finotel, set up in 1983 to develop and run hotels in the UK.

Finotel runs four hotels at Heathrow, Euston, Luton and Swindon with a total of 1,000 bedrooms. In 1992 it will open three hotels in Canterbury and Hanley.

Although it will co-operate closely with Sphere's management, Finotel will continue to be independently managed. Sphere itself runs hotels in Greenwich and Southampton.

Finotel owns 74 per cent of Sphere Group (Sphere UK's parent company). Under its guidance this has grown to become the biggest chain of hotels in Europe.

Classic Thoroughbreds cuts back losses by £1m to £1.6m

By Peggy Hollinger

CLASSIC Thoroughbreds, the USM-quoted bloodstock company which is in the process of selling its racing interests, has cut its pre-tax losses by £1m to £1.6m (£1.48m) for the six months to June 30 from £2.6m (£2.6m) in the same period last year.

The group yesterday said it would make a significant contribution to the group's early year results.

It is in line with many of the possible bidders, the strongest runner of which is believed to be Leisure Holdings, a private hotel and leisure club group which has had significant bloodstock interest.

Mr Vincent O'Brien, chair-

man of Classic and a well-known trainer, left room for a bid to abandon its bloodstock interests altogether. He said only the offer of a takeover bid expressed an interest in maintaining the thoroughbred link.

Announcing the interim results, Mr O'Brien said that the group had sold its interest in 16 of its 25 horses. This was in accordance with its programme to withdraw from racing and bloodstock, becoming, in effect, a shell company.

The group said it had made a significant contribution to the group's early year results. Exceptional charges of £1.6m (£2.3m) were taken into account for losses on the

sale of 16 horses yet to find buyers. Most of Classic's problems stem from the sharp drop in the value of thoroughbreds, although the group's failure to produce a winner has severely damaged its ability to buy top class horses.

Classic, set up in 1981 by Mr O'Brien and wealthy supporters including Mr J. P. Smurfit, Mr Robert Sangster and Mr John Magnier, won just one race during the last year.

The group's share of winnings was £131,538. It also had a less-than-sparkling record in the last year, with a fire from disgruntled owners of the 71m shares, which last night rose 1/2 to 3 1/2p.

NEWS DIGEST

Competition clips 22% from Dakota

DAKOTA GROUP, the Dublin-based packaging and printing company, blamed "intense competitive conditions" for a 22% drop in annual profits.

The outcome of this USM-quoted group for the six months to end-September - £1.18m (£1.09m) against £1.52m last year - was on a par with the £1.29m (£1.2m) partly reflecting a full year's contribution from Formprint, the computer listing paper maker in which Dakota acquired a 50 per cent stake in August 1990.

Fully diluted earnings worked through at 3.1p (4.4p) per share. A proposed final dividend of 1.5p leaves the total for the year unchanged at 1.1p.

Tinsley Robor

£0.4m in the red

Tinsley Robor, a specialised printer and paper runner, has lost £0.4m in the half year ended September 30 compared with depressed profits of £431,000 previously.

Losses per share emerged at 1.37p (pre-tax 1.09p) and the interim dividend is passed - 1.5p was paid previously.

The profits downturn came on top of a loss of £10.8m. The largest loss was incurred in the label printing business where sales declined by 10 per cent.

At September 30 borrowings were little changed at £7.4m (£7.3m) but gearing moved to 54 per cent (70 per cent).

Receivers go in at City & Westminster

Mr Philip Sykes and Mr Peter DuBuisson of RMO Hamlyn have been appointed

administrative receivers at City & Westminster Group, USM-quoted mini-conglomerate, and its subsidiary Furniture Hire.

City and Westminster's shares were suspended at 1/2p in December 1990 after the group failed to produce reports and accounts for the year to March 31 1990 and 1991.

Mr DuBuisson said: "We believe we will receive offers for the business of A&M. It is well established in the film and TV industries and is continuing to trade normally."

Wilton makes £1.59m placing

Wilton Group, the USM-quoted property and investment company, is raising a net £1.59m by a placing and offer to reduce debt. The offer will be on a 1-for-4 basis at 1 1/2p against a closing price last night of 3p.

Directors said the funds were needed at present due to the substantial investment in realising its holding in Cowan de Groot to 60 per cent which has strained working capital resources.

The group also intended debt with the acquisition of Cowan de Groot property.

Mr Michael Buckley, who holds 21.2 per cent of Wilton, has undertaken not to take up any new shares.

Haemocell losses in line with forecast

As forecast at the time of the share placing in October, pre-tax losses at Haemocell, the USM-quoted manufacturer of medical and surgical equipment, increased from £283,000 to £1.7m in the year to end-August.

Turnover fell from £2.5m to £2.2m and after an exceptional charge of £283,000, the operating loss rose to £1.7m (£1.4m). Losses per share were 11.6p (7.1p). There is no dividend.

A marketing and licensing agreement has been entered

into with Stryker Corporation of the US.

Under the agreement, which is an initial five-year term, Stryker will provide a further five years, Stryker will be granted exclusive worldwide rights to the UK and Ireland for the company's Stryker medical equipment.

Mr Andrew Priestley, chairman, said there had been little improvement in trading conditions in the UK since the year end, although the high level of interest in 1990 gave cause for optimism longer term.

Deficit deepens at Abbey Panels

Continuing losses at Abbey Panels Investments Ltd, the Midlands-based engineer and components manufacturer, will pre-tax losses of £234,000 for the year to September 30, against profits of £1.1m.

At the halfway stage, losses were £110,000, compared with profits of £110,000. Following the passing of the interim the directors are proposing a final dividend.

Last year there was a total payment of 3.5p.

Turnover for the year was £18.2m (£18.1m) giving an operating loss of £157,000 (£142m profit).

Net investment income was £123,000, against £75,000.

Losses per share were 10.9p compared with earnings of 38.4p.

Abtrust Preferred

net assets at 78.86p

At the end of the initial accounting period to November 30, the net asset value per ordinary share of Abtrust Preferred Income Investment Trust was 78.86p. The net asset value of the zero dividend preference shares stood at 105.72p.

This split capital investment trust, launched in May this year, reported a net asset value of £1.09m. The net

asset value was £1.22m.

Tax took £272,397 and savings per ordinary income share came out at 9.08p. A maiden interim dividend of 5.8125p was declared.

Mr Michael O'Brien, the original prospectus for the trust, said the company was in a strong position to meet its obligations.

Losses at BB&EA rise to £397,000

Further losses were reported by British Building & Engineering Appliances in the six months to September 30.

Losses before tax of this building products group grew to £397,000 against £116,000 in the comparable period and £275,000 at the March year end. Turnover fell to £1.1m (£1.2m).

The company said that the recession continued, irrespective of disclaimers to the contrary, and turnover remained at a low point and was insufficient to cover fixed overheads.

Losses per share increased to 25p (8.2p) and in view of the continuing loss there is no interim dividend this time (0.5p).

Assets decline 10% at I&S Optimum

Net asset value at I&S Optimum Investment Trust declined 9.6 per cent to 81.7p per share over the six months to November 30.

Net revenue in the half year was £1.1m (£1.2m) and earnings per share ordinary share fell from 4.44p to 3.44p as a result of the decline in the level of interest received from fixed interest securities and funds held on deposit.

The income generated by the equity portfolio fell from £1.2m to £1.42m; unfranked income was £170,000 (£180,000).

A second quarterly dividend of 1.8p makes a total of 3.9p so far, a 4.3 per cent increase over the 3.6p of the corresponding period.

3i GROUP PLC

91 Waterloo Road, London SE1 8XP

Half Year Statement by the Chairman, Sir John Cuckney

"In the half year to 30 September 1991, unaudited figures show shareholders' funds grew by £37.7m to £1,330m. Assets rose from £1,292.37 to £1,368.07 to £1,330m."

"Pre-tax profits at £1.4m were lower than in the comparable period last year (£2.1m), mainly due to the effects of the recession on income in the UK. Underlying operating costs have been materially reduced. The interim dividend is being maintained at last year's level of 3.5p per share."

"After heavy provisioning of £126m at the year end and last March, the increase in provisions at £3.5m is now at a much more modest level. Repayments of loans and redemptions of preference shares are generally being met by portfolio companies in accordance with contractual terms. Interest and dividends have not materially changed for several months."

"Investment was £1.1m (£1.2m), reflecting the low level of corporate acquisition and investment activity in the UK and Europe."

"Although a number of our unquoted equities have been made on a basis consistent with previous periods, the Board is currently reviewing the Company's Valuations and Provisions policy, in conjunction with expert outside advice. Any changes will be reflected in the results and audited accounts for the year."

"Financial markets have been volatile, and the economic situation remains uncertain. This will of course have a bearing on the timing of our flotation."

"Despite particularly difficult economic conditions, it is encouraging to have the results of the 3i Enterprise Barometer survey in October, which showed an improvement in the confidence of our portfolio companies. The next survey is due to be published in February. We will have the benefit of an increasing number of investment proposals for 3i to consider. This is probably an early sign of improving business confidence."

Unaudited results for the six months to 30 September 1991

	6 months to 30 September 1991	Year to 31 March 1991	6 months to 30 September 1990
Total return after tax			
Revenue	14,103	38,288	14,103
Investment realisation profits	(7,944)	(17,504)	11,803
Unrealised appreciation	38,378	2,088	(11,685)
Total return after tax	44,537	15,116	(78,310)
Dividends	(7,774)	(24,305)	(7,774)
Other	201	5,568	(2,397)
Total increase in reserves	36,964	(5,621)	(88,545)
Shareholders' funds	1,299,813	1,192,073	1,106,972
Net Assets per share	25.07	25.07	25.07
Unrealised appreciation reserve movement			
Realisation profits less losses	107,351	237,093	107,351
Other	13,577	25,432	13,577
Net interest payable	(66,238)	(140,440)	(73,582)
Operating	(84,839)	(84,447)	(37,027)
Revenue	19,991	38,288	19,991
Tax	(5,567)	(5,149)	(5,567)
Minority interest	(291)	(596)	(275)
Extraordinary items	—	2,048	—
Revenue surplus for period	14,103	—	21,670
Unrealised appreciation reserve movement			
Realisation profits less losses	3,567	81,738	68,577
Other	(6,538)	(126,415)	(61,297)
Tax	(1,410)	24,438	1,410
Minority interest	(8,581)	(22,238)	(7,848)
Extraordinary items	637	(683)	(664)
Realisation profits less losses and provisions	(7,944)	(17,504)	11,803
Unrealised appreciation reserve movement			
Realisation profits less losses	(18,411)	(56,480)	(33,683)
Change in value of investments during period	86,240	5,638	(11,181)
Minority interest	(1,400)	822	2,651
Deferred tax	(28,051)	52,108	50,876
	38,378	2,088	(11,685)

Notes: (i) The figures for the year ended 31 March 1991 are based on accounts filed with the Registrar of Companies on which the auditors issued an unqualified report.

(ii) The figures for the six months to 30 September 1991 have been prepared in conformity with the presentation and policies adopted with effect from 1 January 1991.

This is issued by 3i Group plc which is an authorised institution under the Banking Act 1987 and is regulated in accordance with the business by SIB. It does not constitute a statutory statement.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales			
Presented Price for Pool		Price for Trading	
12 hour period ending	Pool price	Trading price	Pool price
0100	17.28	16.54	16.54
0100	16.51	16.51	16.51
0100	17.28	16.54	16.54
0200	16.51	16.51	16.51
0200	16.51	16.51	16.51
0300	16.51	16.51	16.51
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1500	16.51	16.51	16.51
1500	16.51	16.51	16.51
1600	16.51	16.51	16.51
1600	16.51	16.51	16.51
1700	16.51	16.51	16.51
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1800	16.51	16.51	16.51
1900	16.51	16.51	16.51
1900	16.51	16.51	16.51
2000	16.51	16.51	16.51
2000	16.51	16.51	16.51
2100	16.51	16.51	16.51
2100	16.51	16.51	16.51

Prices are determined for every half-hour on each twenty-four hour period. Prices are in pence per kilowatt hour. The prices are determined for the purposes of the electricity pooling and settlement arrangements in England and Wales. The prices are determined for the purposes of the electricity pooling and settlement arrangements in England and Wales. The prices are determined for the purposes of the electricity pooling and settlement arrangements in England and Wales. The prices are determined for the purposes of the electricity pooling and settlement arrangements in England and Wales. The prices are determined for the purposes of the electricity pooling and settlement arrangements in England and Wales. The prices are determined for the purposes of the electricity pooling and settlement arrangements in England and Wales. The prices are determined for the purposes of the electricity pooling and settlement arrangements in England and Wales. 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These securities have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States or to United States persons absent registration or an applicable exemption from the registration requirements. All of these securities having been sold, this announcement appears as a matter of record only.



Grupo Televisa, S.A. de C.V.

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Representing 36,800,000 Series L Shares
11,500,000 Global Depositary Shares
Representing 23,000,000 Series L Shares
and
9,200,000 Series L Shares

Global Coordinator
Goldman, Sachs & Co.

11,500,000 Global Depositary Shares

This portion of the offering was sold outside the United States and Mexico by the undersigned.

Goldman Sachs International Limited

Baring Brothers & Co., Limited	Credit Suisse First Boston Limited
Paribas Capital Markets Group	S.G. Warburg Securities
ABN AMRO	Acciones y Valores de México, S.A. de C.V.
Bear, Stearns International Limited	BSN, S.V.B.
Donaldson, Lufkin & Jenrette	Enskilda Securities
Nomura International	N M Rothschild & Sons Limited
	Wood Gundy Inc.

18,400,000 Rule 144A American Depositary Shares

This portion of the offering was privately sold in the United States by the undersigned and these securities are eligible for resale pursuant to Rule 144A under the Securities Act of 1933.

Goldman, Sachs & Co.

Bear, Stearns & Co. Inc.

Donaldson, Lufkin & Jenrette
Securities Corporation
Morgan Stanley & Co.
Incorporated

11,200,000 Series L Shares

This portion of the offering was sold in Mexico by the undersigned.

Acciones y Valores de México, S.A. de C.V.
Grupo Financiero Banamex Actual

InverMEXICO, S.A. de C.V., Casa de Bolsa	Casa de Bolsa Inverlat, S.A. de C.V.
GBM Grupo Bursátil Mexicano, S.A. de C.V., Casa de Bolsa	Casa de Bolsa Mexicana, S.A. de C.V.
Operadora de Bolsa, S.A. de C.V., Casa de Bolsa	Casa de Bolsa Prime, S.A. de C.V.
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Casa de Bolsa Arka, S.A. de C.V.	Finsa Casa de Bolsa, S.A. de C.V.
Inversora Bursátil, S.A. de C.V., Casa de Bolsa	Vector Casa de Bolsa, S.A. de C.V.

Nacional Financiera, S.N.C.

December 1991

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FIRST AUSTRALIA PRIME
INCOME INVESTMENT
COMPANY LIMITED

International Depositary Receipts

Issued by

Notice is hereby given to the shareholders of the

First Australia Prime Income Investment Company Limited

that the following International Depositary Receipts will be

issued to the holders of the following shares of the

First Australia Prime Income Investment Company Limited

on the 15th day of December 1991 at the rate of 100 shares of the

First Australia Prime Income Investment Company Limited for every

100 shares of the First Australia Prime Income Investment Company Limited

which are held by the following persons:

New York: 30, West Broadway

London: 30, Abchurch Lane

London: 1, Angel Court

London: 40, Abchurch Lane

The dividend is not subject to tax

in Australia. The dividend will be

paid to the holders of the International Depositary Receipts

presented to the office of the

Depository at the following address:

Depository: Morgan Guaranty Trust

Company of New York

35, Avenue des Arts, 1040 Brussels

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The Financial Times,

One Southwark Bridge,

London SE1 9TL.

UK COMPANY NEWS

Monarch shares dip as US group pulls out of project

By Kenneth Gooding, Mining Correspondent

SHARES IN Monarch Resources, the gold mining company with operations solely in Venezuela, fell by 10p to 86p yesterday after it announced that Cyprus Gold of the US was pulling out of the La Comorra joint venture project.

Analysts suggested that future significant earnings from Monarch depend on the success of La Comorra which, when it goes ahead, will be the first private underground gold mine to be developed in Venezuela for more than 50 years.

Mr Michael Beckett, chairman, said he was "delighted" that Monarch would be able to move ahead with La Comorra on its own. He said \$35m to \$17m (\$9.3m) would be needed

to establish one of the world's lowest-cost gold mines and he was confident Monarch would make the necessary finance.

A feasibility study suggested La Comorra would cost \$28m to develop but Mr Beckett said Monarch's operating experience in Venezuela in the past five years would enable the mine to be brought into production at a substantial discount and "on attractive terms for shareholders."

The feasibility study suggested, among other things, that La Comorra would have a 39 per cent rate of return and a 1.5-year payback. Mr Beckett said the mine was expected to produce about 80,000 troy ounces of gold a year from mid

to late-1993 at a cash cost of \$114 an ounce. The mine had a relatively short life of 4.3 years but the property was not yet fully explored.

Cyprus pulled out of the project because, if it went ahead, it was obliged to provide the first \$15m of development expenditure and the consequent rate of return did not satisfy its corporate requirements.

Mr Beckett pointed out that the joint venture deal was signed before the new management stepped in at Monarch in the spring of this year. "We would not have entered into it," he said. "We are very pleased to have 100 per cent of a nice, small mine in a major gold mining area."

Bankers Inv. Trust net assets up by 38%

NET asset value per share of The Bankers Investment Trust increased by almost 38 per cent to 123.9p at October 31 compared with 90.1p a year earlier.

The net asset value total return of the trust has increased by 49.9 per cent and more than fivefold over one, three and ten years respectively.

The board said that the main drivers for the trust's performance over the past year had been the swift end to the Gulf war combined with moderating inflation and declining interest rates.

The company had maintained some gearing in rising world stock markets. The weighting in Japan had been negligible, which had been to the company's advantage.

The main tactical change had been to increase the weighting in smaller companies in the UK and US. There had also been a reduction in sterling exposure to below 50 per cent of net assets.

Net revenue rose 7 per cent to 25.28m (£5.02m) and dividends per share were up from 3.21p to 3.44p. A fourth interim dividend of 0.9p makes 3.3p (£1.79p) total.

United Artists and US West joint venture

By Raymond Snoddy

FT OF the UK's largest cable operators, United Artists and US West, have announced that they are combining their cable television and telephone operations.

The new 50-50 joint venture will involve a total investment of more than £500m.

The new venture is involved in franchises covering 2.9m homes - about 12 per cent of all

the homes in cable franchises in the UK.

US West, one of the regional telephone giants created out of the break-up of Ma Bell in the US, already has between 25 per cent and 30 per cent stakes in a number of United Artists franchises.

The areas involved include south London, Edinburgh, Avon, the Thames estuary and Birmingham.

WORLD INDUSTRIAL REVIEW

The FT proposes to publish this survey in

January 31 1992.

Industrial Sectors:

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Alexandra Buildings,
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Manchester M1 5LF

FT SURVEYS

NORTH OXFORDSHIRE and THE M40

The FT proposes to publish this survey on March 2 1992, from its print centres in Tokyo, New York, Frankfurt, Paris and London. It will be read by senior businessmen and government officials in 160 countries worldwide. It will be of particular interest to 130,000 directors and managers in the UK who read the weekday FT. If you want to reach this important audience with your services, expertise or products whilst maintaining a high profile in connection with North Oxfordshire,

call Anthony G. Hayes
on 021 454 0922
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George House
George Road,
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Birmingham B15 1PG

Data source: BMRC Business Survey 1990

FT SURVEYS

NOTICE OF REDEMPTION

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Washington, D.C.
("IBRD")

IBRD 7.7% Japanese Yen Bonds of 1984
Due 1996 (Twenty-seventh Series) (the "Bonds")

We hereby notify holders of the above Bonds that on January 13, 1992, the entire outstanding amount of the Bonds is to be redeemed pursuant to Condition 17 of the Bonds by IBRD exercising an optional redemption right of 25.3 billion yen (optional redemption price: 102%).

Paying Agents:

With respect to definitive bonds, the principal of and interest on the Bonds are payable at any of the paying agents mentioned thereon. With respect to recorded bonds, the payment shall be made at the paying agent designated in the application for the recording of the Bonds.

The Industrial Bank of Japan, Limited
as Representative Commissioned Company for the Bonds.

December 20, 1991

Kommunaleinvestments Aktiengesellschaft

UA 12,000,000 7 1/4 % Bonds due 1993

On December 6, 1991, Bonds for the amount of UA 800,000 have been drawn in the presence of a Notary Public.

The following Bonds will be redeemable coupon due January 25, 1993 attached on and after January 25, 1992.

The drawn Bonds are those, not yet previously redeemed, included in the range beginning

at 7891 up to 8214 incl.

Amount outstanding: UA 800,000

Bonds previously drawn and not yet presented for redemption:

3325	3654 to 3659 incl.	4908
3344 and 3345	3678 to 3686 incl.	5006 to 5022 incl.
3348 and 3350	3722 and 3723	5069 to 5085 incl.
3382	3757 to 3760 incl.	5119 to 5124 incl.
3440	3819	5125 to 5137 incl.
3447	3867	5137 and 5138
3467	3890 to 3894 incl.	5146
3501	3959 and 3967	5151 and 5152
3537	3977	5154 and 5155
3551 and 3552	4027 and 4028	5159 to 5162 incl.
3574	4057	5173 to 5177 incl.
3577 to 3579 incl.	4082	5182
3588 and 3590	4088 to 4070 incl.	5182 to 5204 incl.
3640 and 3641	4089	5205 to 5206 incl.
3645	4092 to 4096 incl.	5207 and 5208
3648	4098 to 4070 incl.	5209 to 5210 incl.

Luxembourg, December 20, 1991

K3L
Kreuzbank
Luxembourg

مكتبة الأصيل

DIRECTOR INTERNATIONAL FINANCIAL SERVICES

Our client, based in a popular Middle East location is seeking a seasoned senior banker with a broad background of market and management skills and diverse knowledge of activities in the financial field to promote overseas investment and to revitalise the banking sector.

The incumbent will need to liaise closely with Government Ministries, the Central Bank and the banking and insurance community as well as international financial institutions, national professional associations, investment promotions boards; other potential resources of new investment will need to be developed and maintained through high quality research and a well thought out calling plan.

The Director will be responsible for the initial development and implementation of a three year strategic plan. He will be responsible for all marketing promotion and business development and to co-ordinate progress on an ongoing basis.

New product innovation, introduction of new services with special focus on securities underwriting, development of secondary market and corporate finance will be high on the agenda of the new Unit.

We are seeking applicants who are widely recognised in their field, mature in outlook with an ability to operate successfully in a multi-cultural environment. Above all, applicants need to have a proven track record in new product development and start up situations. Highly developed and tested marketing skills are the key to achievement of objectives identified for this position. Ability to innovate and being adept at interpersonal skills, is a pre-requisite for the prospective candidate.

A generous tax free financial package is being offered together with attractive fringe benefits including housing, car, full medical insurance, life insurance, leave travel etc.

Short listed candidates will be interviewed in London week commencing January 1992.

ABGH Executive Recruitment

Please write or fax your CV quoting Ref. DFS to: Michael Berger, Director, ABGH Advertising and Recruitment Services Limited, Crown Farm, Green, Surrey TW20 0DT. Fax (0784) 471099.

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The primary requirement is to set up and supervise a dealing operation which will trade fixed income securities, money and money market instruments. Responsibilities will also include the establishment of back office controls and procedures.

ACCOUNTANT

As head of the accounting function you will be responsible for enhancing the existing accounts system, setting up a multi-currency facility to record investment, option and future transactions together with associated reporting and accounting duties. Fluency in Arabic is required.

Interested applicants should send their Curriculum Vitae in confidence to: Walter Brown or Philip Wright or telephone for an initial discussion.

FINANCIAL ANALYST

You will be responsible for the evaluation of new investment opportunities, including real estate, as well as the identification of effective financing packages. Fluency in Arabic is essential.

ECONOMIST

Arabic speaking and highly versed in the most modern evaluation techniques, the successful candidate will be responsible for preparation of economic and financial reviews and the identification of investment opportunities. In-depth involvement in the formulation of investment strategy will be a prime feature of the position.

INTERNATIONAL FINANCIAL RECRUITMENT CONSULTANTS

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GROUP INVESTOR RELATIONS MANAGER

The Standard Chartered Group, with assets of more than £20 billion and offices in over 50 countries, is pursuing a focused strategy of concentrating on its core strengths.

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We are now seeking a manager to our Group Investor Relations Manager, who is the primary interface with the audience.

Candidates will be chartered accountants, preferably with a degree, and several years' experience of financial analysis gained in an investment house environment, or in a major multinational business.

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In addition to a competitive salary, the remuneration package will comprise a performance-related bonus, executive car, non-contributory pension scheme, private health care and subsidised mortgage.

Applicants should write to Joan Smith at the address below, enclosing a detailed CV and quoting reference number 24/R.

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GENERALE BANK LONDON BRANCH

requires for its business expansion a Marketing Officer to develop relationships with mid-sized UK companies with a European dimension. Candidate should be a self-starter and have 2 to 3 years of successful calling experience in the middle market, amongst others, in S.E. England. Knowledge of French is beneficial. Competitive salary plus benefits.

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These positions offer an outstanding opportunity for professional development and an excellent compensation and benefits package.

Interested individuals with the necessary qualifications should forward their CV in strictest confidence to:

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International Banking Consultants

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DC Gardner & Co Ltd, the leading international banking and business training consultancy specialising in the provision of high quality training programmes to financial institutions, is seeking to appoint a successful banker to its corporate banking team.

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You must be a corporate banker with experience in cashflow-based risk evaluation. Additional specialist banking skills and a supplementary European language would be an advantage. As a team player, you must be self-motivated and able to work under pressure. Strong interpersonal skills are essential, and previous experience of training presentations would be a distinct advantage.

Training and marketing is on a worldwide basis and a challenging position would involve some overseas travel.

Please write enclosing a CV to:

Bruno Curnier, Managing Director
D C Gardner & Co Ltd
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- to work closely with the institutional marketing team on presentations and new marketing material.

To succeed in this challenging position you will be a numerate graduate and already have at least three years experience in a dynamic performance measurement role. Experience must include both equity and fixed income portfolios on a multicurrency basis. Excellent interpersonal skills are essential to this high profile role - strong analytical, organisational and PC skills are equally important. In this team you will have a unique opportunity to use your creative skills in driving the investment management business forward.

Please contact Julie Byford or Deirdra Moynihan on (071) 583 0073 (day) or (081) 579 5376 (evenings and weekends) or send your cv in complete confidence to: 16-18 New Bridge Street, London EC4V 6AU. Or fax (071) 353 3908.

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send your c.v. and details of your current salary to: Jane Marsh, Human Resources Development Manager, Central Services Personnel, British Railways Board, Macmillan House, (CP 32), Paddington Station, London W2 1PT.

CVs to PO Box A1717,
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with legal qualification

INVESTMENT TRUSTS - Cont.

Notes	Price	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	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● Current Unit Trust prices are available on FT Cityline. ~~Costs~~ charged ~~to~~ per minute per ~~unit~~
Unit Trust Code Booklet ring (071) 925-2122

هكذا من الأصل

■ Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

[illegible]

A black and white photograph of a curved sign, likely part of a building's facade. The sign features the text "EY MARKET FUND" in a bold, sans-serif font. The word "Market" is on the left, and "FUND" is on the right, with "EY" in the middle. The sign is curved, and the background is dark and out of focus.

[illegible]

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FRANCE		
December 19	Yen	+ or -
Alphonso	1,360	-4.0
Armando Brulin Inc.	592	-1.0
Alti Hogen Aeronautics	1,260	-1.0
Algea	1,260	-1.0
Armando Co.	930	-1.0
Aeronda Co.	2,100	-1.0
Aerona Corp.	2,100	-1.0
Algea	1,260	-1.0
Aerona	1,220	-1.0
Aerona	1,220	-1.0

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	3.14	3.17	3.15	3.97
	Dec 11	Dec 4	Nov 27	year ago (approx.)
	3.22	2.80	2.82	3.31
	21.05	22.98	22.78	15.89

ACTIVE STOCKS		TRADING ACTIVITY				
Price	Closing price on day	↑ Volume	Dec 18	Dec 17	Dec 16	
400	14¢ + ½	New York SE	192,350	151,380	173,010	
400	28½ - 3¼	Amex	13,929	14,253	15,691	
400	27½ -	NASDAQ	176,703	191,123	148,401	
500	18 - ¼	NYSE				
500	18 - ¼	Amex Traded	2,187	2,109	2,191	
500	9¼ -	Amex	747	572	729	
500	22 -	Futs	894	1,159	905	
500	20½ - 7½	Options	546	648	501	
500	15 -	New High	46	64	7	
500	24 - ¼	New Low	57	58	3	

					1991	
Dec 18	Dec 17	Dec 16	Dec 15		HIGH	LOW

2720.06	2689.56	2724.79	2738.41	3079.99	018/71	2653.06	09/71
3332.62	3325.08	3346.16	3359.47	3404.09	012/71	3161.95	015/71
1749.51	1763.49	1777.45	1779.00	1807.35	012/71	1686.97	09/71

are 100 recent NYSE All Common - 50; Standard and Poor's - 10; and Metals - 1000. Toronto indices based 1975 and Montreal Portfolio 4/71 (Industrial), plus Utilities, Financial and Transportation, (c) Client, (d)


TOKYO - Most Active Stocks

Thursday 19 December 1981

Stocks	Closing	Change		Stocks	Closing	Change
Traded	Prices	on day		Traded	Prices	on day
6.2m	891	-5	Hokuriku Bank	2.0m	748	-2
5.9m	569	0	Mitsui Bussan	1.9m	756	-5
5.5m	331	-6	Kobe Steel	1.8m	616	-1
5.2m	1,152	-20	Nippon Ind.	1.8m	1,022	-4
2.6m	1,080	-30	Mitsui	1.8m	881	-3

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AFRICA
N.S. Central Inst. 11/17/91 520.2 505.8 506.7 507.9 528.4

AMERICA
*Saturday December 14: Taiwan Weighted Price: 4399.61; Korea Comp. Ex. 6399.61
a Subject to official introduction.

ASIA
Base index of all indices are 100 except: BEL20, HEX General, USA Overall and U.S. 25 Industrials - 254.3 and Australia All Ordinary and Mining - 505.12

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Other countries
See index of all indices are 100 except: BEL20, HEX General, USA Overall and U.S. 25 Industrials - 254.3 and Australia All Ordinary and Mining - 505.12

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10/25	1656.06	117(1)
10/26	2466.42	131(2)
9/29	470.41	0.6(1)
9/30	221.4	0.6(1)
9/31	182.3	0.6(1)
8/30	945.77	0.7(2)
7/29	552.44	0.6(1)
7/30	315.67	0.6(1)
7/31	971.8	0.25(2)
6/30	2829.0	0.6(1)
6/30	590.57	0.23(6)
10/30	213.79	0.4(1)
11/7	808.4	0.9(1)
11/10	587.4	0.4(1)
11/11	697.1	0.1(1)
9/25	331.4	0.5(1)

940	552.48 C/A/D
941	439.1 C/A/D

1. Calculated at 15.00 GMT,
 ~1,000, 2SE Gold - 255.7,
 2. Universalis.

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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Continued on next page

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